

U.S. NUCLEAR REGULATORY COMMISSION

DIRECTIVE TRANSMITTAL

TN: DT-07-02

To: NRC Management Directives Custodians

Subject: Transmittal of Directive 11.7, "NRC Procedures for Placement and Monitoring of Work With the U.S. Department of Energy (DOE)"

Purpose: Directive and Handbook 11.7 are being revised in accordance with commitments made to the Commission through SECY-05-0159, "Improving Contract Management Activities," and direction provided in a May 16, 2006, Staff Requirements Memorandum, COMSECY-06-0022 "Implementation of Section 639 of the Energy Policy Act of 2005." SECY-05-0159 required that Management Directive 11.7 be modified by the end of 2006 to require consideration of past performance information before placing work with a DOE laboratory and to require the use of performance-based contracting techniques when developing statements of work for DOE laboratory projects. In addition, COMSECY-06-0022 directed the staff to include in the revision the implementation of Section 639 of the Energy Policy Act of 2005 concerning new organizational conflict of interest (OCOI) authority for awarding a DOE laboratory agreement in circumstances where an OCOI cannot be mitigated.

Office and
Division of Origin: Office of Administration
Division of Contracts

Contact: Beverly Anker, 301-415-6848

Date Approved: March 26, 2002 (**Revised: March 2, 2007**)

Volume: 11 Procurement

Directive: 11.7 NRC Procedures for Placement and Monitoring of Work With
the U.S. Department of Energy (DOE)

Availability: Rulemaking, Directives and Editing Branch
Office of Administration
Michael T. Lesar, 301-415-7163
Christy Moore, 301-415-7086

NRC Procedures for
Placement and
Monitoring of Work With
the U.S. Department of
Energy (DOE)

Directive
11.7

Contents

Policy	1
Objectives	1
Organizational Responsibilities and	
Delegations of Authority	2
Chairman	2
Executive Director for Operations (EDO)	3
Deputy Executive Director for Information Services and Administration and Chief Information Officer (DEDIA)	4
Office of the Inspector General (OIG)	5
Office of the General Counsel (OGC)	5
Director, Office of Information Services (OIS)	5
Director, Office of Administration (ADM)	6
Office Directors or Designee (Offices Executing DOE Work Orders in Accordance With Delegation of Authority)	7
Director, Division of Planning, Budget, and Analysis (DPBA), Office of the Chief Financial Officer (OCFO)	10
Director, Division of Financial Management (DFM), OCFO	11
Director, Division of Financial Services (DFS), OCFO	11
Director, Information and Records Services Division (IRSD), OIS	12
Director, Division of Contracts (DC), ADM	13
Director, Division of Facilities and Security (DFS), ADM	14
Director, Division of Security Operations (DSO), Office of Nuclear Security and Incident Response (NSIR)	14
Applicability	14
Handbook	15
References	15



U. S. Nuclear Regulatory Commission

Volume: 11 Procurement

ADM

NRC Procedures for Placement and Monitoring of Work With the U.S. Department of Energy (DOE) Directive 11.7

Policy (11.7-01)

It is the policy of the U.S. Nuclear Regulatory Commission that work placed with the U.S. Department of Energy (DOE) be managed effectively. This directive and handbook specify the interagency responsibilities, authorities, and procedures for placement and monitoring of work with DOE laboratories or DOE facility operators. This directive and handbook represent the actions necessary to implement the DOE-NRC Memorandum of Understanding (MOU) (refer to Exhibit 16 of the handbook), dated November 24, 1998, to continue joint activities subsequent to the Energy Reorganization Act of 1974. This directive does not cover procedures for placement of work with Government agencies other than DOE or with commercial contractors.

Objectives (11.7-02)

- To ensure that procedures for negotiating and managing agreements with DOE are consistent with sound business practices and contracting principles. (021)
- To ensure uniform application of an agencywide standard of contract management for projects placed with DOE. (022)

Objectives

(11.7-02) (continued)

- To ensure that a framework exists for program management control, administration, monitoring, and closeout of projects placed with DOE. (023)

Organizational Responsibilities and Delegations of Authority

(11.7-03)

Chairman

(031)

- Reviews or approves prior to issuance any project placed with DOE laboratories or DOE facility operators or modifications thereof, in accordance with the limitations outlined in issued delegations of authority. (a)
- Reviews instances in which the process of executing a DOE project produces cost estimates that are significantly different from the cost estimates that served as the basis for obtaining the Chairman's approval of the project. (b)
- Reviews any significant changes to projects with DOE laboratories that may have policy implications for the Commission (matters of a nature that may be sensitive, highly visible, have agencywide implications or be otherwise of high interest to the Commission) regardless of the level of resources required to implement the change. (c)
- Reviews, 5 working days in advance, any impending termination of any project or agreement previously approved by the Chairman. (d)

Organizational Responsibilities and
Delegations of Authority
(11.7-03) (continued)

Executive Director for Operations (EDO)
(032)

- Submits to the Chairman, with a copy to the Commission, DOE laboratory projects requiring review or approval in accordance with limitations outlined in the delegation of authority. (a)
- Informs the Chairman, with a copy to the Commission, of instances in which the process of executing a DOE project produces cost estimates that are significantly different (20% or greater increase in total value) from the cost estimates that served as the basis for obtaining Chairman approval of the project. (b)
- Informs the Chairman, with a copy to the Commission, of any significant changes to projects with DOE laboratories that may have policy implications for the Commission (matters of a nature that may be sensitive, highly visible, have agencywide implications or be otherwise of high interest to the Commission) regardless of the level of resources required to implement the change. (c)
- Informs the Chairman, with a copy to the Commission, 5 working days in advance, of any impending termination of any project or agreement previously approved by the Chairman. (d)
- Formally notifies the Commission within 5 working days once a determination has been made that a potential organizational conflict of interest (OCOI) will require a waiver. (e)

Organizational Responsibilities and
Delegations of Authority
(11.7-03) (continued)

Executive Director for Operations (EDO)
(032) (continued)

- Approves or disapproves the request as appropriate not less than 5 working days following notification to the Commission. (f)
- Informally notifies the Commission of intent to approve or disapprove the waiver. (g)
- Informs the Chairman, with a copy to the Commission, of OCOI waiver requests, and the circumstances underlying waiver decisions, that raise sensitive, highly visible, or agencywide implications for agreements previously approved or reviewed by the Chairman. (h)

Deputy Executive Director for
Information Services and
Administration and Chief
Information Officer (DEDIA)
(033)

- Serves as the agency's Chief Acquisition Officer. (a)
- Serves as the agency's Chief Information Officer. (b)
- Reviews projects requiring Chairman review or approval. (c)
- Reviews and makes recommendations regarding OCOI concerns with work placed or to be placed with the DOE laboratories. (d)

Organizational Responsibilities and
Delegations of Authority
(11.7-03) (continued)

Office of the Inspector General (OIG)
(034)

Investigates reported violations of NRC's OCOI rules under active DOE work orders.

Office of the General Counsel (OGC)
(035)

- Reviews projects requiring Chairman review or approval for legal objection. (a)
- Reviews and makes recommendations regarding OCOI concerns with work placed or to be placed with the DOE laboratories. (b)
- Reviews and makes recommendations regarding any legal questions arising over work placed or to be placed with the DOE laboratories. (c)

Director, Office of Information Services (OIS)
(036)

- Reviews and concurs on projects involving information technology (IT) (software/hardware) acquisitions requiring Chairman review or approval. (a)
- Provides program guidance, advice, and assistance to NRC offices in obtaining IT resources for DOE projects. (b)
- Reviews and approves documentation and DOE work orders for projects where IT resources (excluding IT supplies) are to be delivered to NRC or the NRC-designee, in accordance with

Organizational Responsibilities and
Delegations of Authority
(11.7-03) (continued)

Director, Office of Information Services (OIS)
(036) (continued)

the requirements of NRC Management Directive (MD) 2.8,
“Project Management Methodology.” (c)

- Reviews and approves DOE projects that involve IT resources that exceed the threshold referred to in NRC MD 2.8. (d)
- Provides support to NRC offices, as requested, in preparing the statement of work (SOW) and other documentation for DOE projects involving IT resource acquisitions. (e)
- Provides assistance to NRC offices, as requested, in the review and evaluation of proposals for DOE work involving IT resources. (f)

Director, Office of Administration (ADM)
(037)

- Serves as the agency's senior procurement executive as required by Executive Order 12352, “Federal Procurement Reforms.” (a)
- Develops and directs policies and programs for contracting and procurement services for commercial contracts and NRC/DOE projects. (b)
- Executes and modifies interagency agreement actions, and settles claims and terminations. (c)

Organizational Responsibilities and
Delegations of Authority
(11.7-03) (continued)

Office Directors or Designee
(Offices Executing DOE Work
Orders in Accordance With
Delegation of Authority)
(038)

- Execute and modify interagency agreement actions, and settle claims and terminations in accordance with delegated authority. (a)*
- Submit to the Chairman, through the EDO, with a copy to the Commission, DOE laboratory projects requiring review or approval in accordance with limitations outlined in delegated authority. (b)
- Inform the Chairman, through the EDO, with a copy to the Commission, of instances in which the process of executing a DOE project produces cost estimates that are significantly different (20% or greater increase in total value) from the cost estimates that served as the basis for obtaining the Chairman's approval of the project. (c)

*The following offices have authority to award, extend, modify, and terminate DOE laboratory agreements. Authority source is cited:

EDO Delegation of Authority from Chairman dated 1-24-05
CFO Delegation of Authority from Chairman dated 1-28-05
OIS Delegation of Authority from EDO dated 1-27-05
NRR Delegation of Authority from EDO dated 1-27-05
NSIR Delegation of Authority from EDO dated 1-27-05
RES Delegation of Authority from EDO dated 1-27-05
NMSS Delegation of Authority from EDO dated 1-27-05
ADM Delegation of Authority from EDO dated 1-27-05
HR Delegation of Authority from EDO dated 1-27-05

Other specific delegations may be issued at the discretion of the Chairman and the EDO.

Approved: March 26, 2002

(Revised: March 2, 2007)

Organizational Responsibilities and
Delegations of Authority
(11.7-03) (continued)

Office Directors or Designee
(Offices Executing DOE Work
Orders in Accordance With
Delegation of Authority)
(038) (continued)

- Inform the Chairman, through the EDO, with a copy to the Commission, of any significant changes to projects with DOE laboratories that may have policy implications for the Commission (matters of a nature that may be sensitive, highly visible, have agencywide implications or be otherwise of high interest to the Commission) regardless of the level of resources required to implement the change. (d)
- Inform the Chairman, through the EDO, with a copy to the Commission, 5 working days in advance, of any impending termination of any project or agreement previously approved by the Chairman. (e)
- Review and sign requests for a waiver of Commission requirements for avoidance of OCOI. (f)
- Inform the Chairman, through the EDO, with a copy to the Commission, of OCOI waiver requests, and the circumstances underlying waiver decisions, that raise sensitive, highly visible, or agencywide implications for agreements previously approved or reviewed by the Chairman. (g)
- Ensure timely development of an office advance procurement plan (APP) and updates thereto. (h)
- Appoint project managers. (i)
- Appoint an office Associate Competition Advocate. (j)

Organizational Responsibilities and
Delegations of Authority
(11.7-03) (continued)

Office Directors or Designee
(Offices Executing DOE Work
Orders in Accordance With
Delegation of Authority)
(038) (continued)

- Approve a justification for DOE source selection. (k)
- Issue request for proposals to the cognizant DOE Site Office or DOE Field Office with a copy to the DOE laboratory. (l)
- Authorize and issue NRC Form 173, "Standard Order for DOE Work (SOEW)," and accompanying attachments such as the SOW and the task order. (m)
- Ensure that staff responsible for the management of DOE laboratory projects conduct an effective and timely review of DOE vouchers for reasonableness, accuracy, and timely approval. (n)
- Ensure that the proposed work does not create an OCOI based on information available to the agency. (o)
- Ensure that staff responsible for the management of DOE laboratory projects attend required training consistent with agency guidelines. (p)
- Ensure appropriate review and approval of DOE projects involving IT resources in compliance with MD 2.8. (q)
- Ensure that DOE laboratory projects are properly executed, monitored, and closed out and that project results are properly analyzed, evaluated, and disseminated. (r)

Organizational Responsibilities and
Delegations of Authority
(11.7-03) (continued)

Office Directors or Designee
(Offices Executing DOE Work
Orders in Accordance With
Delegation of Authority)
(038) (continued)

- Ensure proper certification of funds, as described in NRC MD 4.2, "Administrative Control of Funds,"* before placement of work with DOE. (s)
- Develop office procedures as necessary to implement directive and handbook requirements. (t)

Director, Division of Planning, Budget, and
Analysis (DPBA), Office of the Chief
Financial Officer (OCFO)
(039)

- Issues advice of allowances and approved financial plans to allowance holders. (a)
- Reviews and concurs on projects requiring Chairman review and approval. (b)

*Copies of NRC management directives referenced in this directive are available to DOE headquarters, DOE Site Offices or DOE Field Offices, and DOE national laboratories through NRC's Web page, NRC.gov.

Organizational Responsibilities and
Delegations of Authority
(11.7-03) (continued)

Director, Division of Financial
Management (DFM), OCFO
(0310)

- Establishes job codes in the agency accounting system upon request by NRC offices. (a)
- Maintains records of outstanding DOE unexpended obligations and provides reports to NRC offices. (b)
- Provides a monthly report to offices for projects with no billing activity for 6 months or more. (c)

Director, Division of Financial
Services (DFS), OCFO
(0311)

- Records obligations against SOEWs that have been accepted by DOE and forwarded to DFS, ensuring use of valid accounting citations, including job code, budget object classification code (BOC), and budget and reporting (B&R) classifications. Maintains copies of DOE-accepted NRC SOEWs as official obligating documents. (a)
- Determines valid accrued costs and records the cost in the accounting system. (b)
- Receives notice through the U.S. Treasury on the Intergovernmental Payment and Collection System (IPAC) that an electronic funds transfer from NRC to reimburse the DOE has occurred, sends the approval form(s) with any supporting documentation sent by the DOE to the office certifying official for review and approval, follows up on timely

Organizational Responsibilities and
Delegations of Authority
(11.7-03) (continued)

Director, Division of Financial
Services (DFS), OCFO
(0311) (continued)

return of forms, and maintains the signed approval forms on
file. (c)

- Assists offices to identify erroneous billings. Executes a chargeback to the DOE when notified in writing by the office approving official that a charge is erroneous and should not be accepted. (d)

Director, Information and Records Services
Division (IRSD), OIS
(0312)

- Develops and issues instructions in conjunction with the NRC offices and DOE for the preparation of reports published in the NUREG series. (a)
- Prints and distributes reports as specified by the agreement, including all reports required by the SOW that are to be made publicly available. (b)
- Issues NUREG-series numbers and maintains pertinent records. (c)
- Advises offices on the preparation and handling of documents containing sensitive unclassified non-safeguards information (SUNSI). (d)

Organizational Responsibilities and
Delegations of Authority
(11.7-03) (continued)

Director, Division of Contracts (DC), ADM
(0313)

- Serves as the alternate Chief Acquisition Officer. (a)
- Reviews and concurs on projects requiring Chairman review or approval, as appropriate, to ensure that placing the project at a DOE laboratory rather than competing the work in the commercial sector is appropriate and in the NRC's best interest and that the office has prepared a detailed SOW. (b)
- Oversees office placement and monitoring of NRC/DOE projects through periodic reviews of selected project files. (c)
- Interacts with offices through meetings of agencywide DOE Users Group, and with DOE laboratories, DOE headquarters, and DOE Site Offices or DOE Field Offices to establish and maintain an agencywide contracting standard. (d)
- Prepares management directives and guidance memoranda for NRC/DOE projects. (e)
- Establishes policy in conjunction with OGC and the offices to ensure resolution of all OCOI concerns involving projects placed with DOE. (f)
- Ensures that detailed and updated DOE laboratory cost and pricing data are provided to NRC offices on an annual basis. (g)
- Designs, develops, and implements the agencywide contract and project management training curriculum, course materials, and certifications with the assistance of the Office of Human Resources and the offices. (h)

Organizational Responsibilities and
Delegations of Authority
(11.7-03) (continued)

Director, Division of Contracts (DC), ADM
(0313) (continued)

- Conducts utilization reviews of DOE-acquired property to determine availability and use for other NRC requirements. (i)

Director, Division of Facilities and
Security (DFS), ADM
(0314)

- Confirms facility approval for classified projects from the appropriate DOE Site Office or DOE Field Office security organization and notifies the NRC office of this approval. (a)
- Maintains a master facility register for all NRC classified interests at DOE facilities. (b)

Director, Division of Security Operations
(DSO), Office of Nuclear Security and
Incident Response (NSIR)
(0315)

Advises offices on the preparation and handling of documents containing Safeguards Information.

Applicability
(11.7-04)

The policy and guidance in this directive and handbook apply to all NRC employees who are involved with the placement and monitoring of NRC/DOE work projects.

Handbook
(11.7-05)

Handbook 11.7 contains detailed guidelines, procedures, and management controls for placement and monitoring of work with the DOE.

References
(11.7-06)

Code of Federal Regulations

"Criteria and Procedures for Determining Eligibility for Access to Restricted Data or National Security Information or an Employment Clearance," 10 CFR Part 10.

"Fitness for Duty Programs," 10 CFR Part 26.

Executive Orders

10865, "Safeguarding Classified Information Within Industry," February 24, 1960.

12352, "Federal Procurement Reforms," March 17, 1982.

12829, "National Industrial Security Program," January 6, 1993.

12958, "Classified National Security Information," April 17, 1995.

12968, "Access to Classified Information," August 8, 1996.

NRC Documents

NRC Bulletin 0904-4, "NRC Computer Software Policy," April 28, 1989.

References

(11.7-06) (continued)

NRC Management Directives

3.7, "NUREG-Series Publications."

3.9, "NRC Staff and Contractor Speeches, Papers, and
Journal Articles on Regulatory and Technical Subjects."

3.11, "Conferences and Conference Proceedings."

3.53, "NRC Records and Document Management
Program."

4.1, "Accounting Policy and Practices."

4.2, "Administrative Control of Funds."

7.4, "Reporting Suspected Wrongdoing and Processing
OIG Referrals."

10.6, "Use of Consultants and Experts."

11.8, "NRC Procedures for Placement and Monitoring of
Work With Other Federal Agencies Other Than DOE."

12.2, "NRC Classified Information Security Program."

12.3, "NRC Personnel Security Program."

12.5, "NRC Automated Information Systems Security
Program."

12.6, "NRC Sensitive Unclassified Information Security
Program."

References

(11.7-06) (continued)

NUREGs

0650, "Preparing NUREG-Series Publications," Rev. 2.

0794, "Protection of Unclassified Safeguards Information:
Criteria and Guidance."

0910, "NRC Comprehensive Records Disposition
Schedule," Rev. 3.

BR-0167, "Software Quality Assurance Program and
Guidelines."

Other Documents

DOE-NRC Memorandum of Understanding, November 24,
1998.

National Industrial Security Program Operating Manual
(NISPOM) and Supplement.

United States Code

Atomic Energy Act of 1954, as amended (42 U.S.C. 2011 et
seq.).

Energy Policy Act of 2005, P.L. No. 109-58, Sec. 639,
August 8, 2005; S. Report No. 109-100, 109th Cong., 1st
Session (June 30, 2005).

Energy Policy Act of 1995 (42 U.S.C. 15801 note).

Energy Reorganization Act of 1974, as amended (42 U.S.C.
5801 et seq.).

References

(11.7-06) (continued)

“Gathering or Delivering Defense Information to Aid Foreign Government” (18 U.S.C. 794).

“Gathering, Transmitting or Losing Defense Information” (18 U.S.C. 793).

Information Technology Management Reform Act of 1996,
Pub. L. 104-106, August 8, 1996.

Inspector General Act (5 U.S.C. App. 3).

Resource Conservation and Recovery Act, October 21, 1976
(42 U.S.C. 6901).

NRC Procedures for
Placement and
Monitoring of Work With
the U.S. Department of
Energy (DOE)

Handbook

11.7

Contents

Part 1 Introduction	1
1.1 Overview of Project Management for DOE Laboratory Agreements	1
1.2 Project Management Practices for DOE Laboratory Agreements	1
1.3 Specific Activities of Project Management	2
1.3.1 Planning and Initiation Phase	2
1.3.2 Performance Phase	3
1.3.3 Work Completion and Closeout Phase of Projects	5
1.4 Acquisition Roles and Responsibilities	5
1.4.1 NRC Project Manager	5
1.4.1.1 Technical Direction Given by the Project Manager	6
1.4.1.2 Guidelines for the Project Manager	6
1.4.1.3 Mandatory Training Requirements	8
1.4.2 Office Associate Competition Advocate	9
1.4.3 The NRC Technical Monitor (TM)	10
1.4.4 Division of Contracts	10
1.5 Use of Exhibits	11
 Part 2 Project Planning and Approvals	 13
2.1 Advance Procurement Plan	13
2.2 Types of Laboratory Actions	13
2.2.1 Basic Agreements	13
2.2.2 Task Ordering Agreements	13
2.3 Developing a Statement of Work (SOW)	14
2.3.1 Performance-based SOW	15
2.3.2 Required Elements of the SOW	16
2.3.2.1 Basic Project Information	16
2.3.2.2 Background	17
2.3.2.3 Objective	17
2.3.2.4 Scope of Work	17
2.3.2.5 Technical and Other Special Qualifications Required ..	18
2.3.2.6 Meetings and Travel	18
2.3.2.7 Deliverables, Schedule, and or Milestones—Monthly Letter Status Report	18
2.3.2.8 Level of Effort	19
2.3.2.9 Period of Performance	19

Contents (continued)

	2.3.2.10	NRC-Furnished Material	19
	2.3.2.11	Performing Organization Acquired Materials	20
	2.3.2.12	Organizational Conflict of Interest	20
	2.3.3	Cost Information	20
	2.3.4	Other Considerations	21
	2.3.4.1	Systems Development	21
	2.3.4.2	Avoidance of Personal Services Relationship	21
	2.3.4.3	Federal Information Security Management Act (FISMA) Compliance	21
2.4		Subcontracting Under NRC/DOE Work Orders	22
2.5		Technical Reporting Requirements	23
	2.5.1	Content of Technical Reports	24
	2.5.2	Cost Reporting	24
2.6		Independent Government Cost Estimate (IGCE)	24
2.7		Procedures and Content Requirements for Source Selection Justification for Placing Work With DOE Laboratories	25
	2.7.1	Criteria for Placement of Work With DOE	26
	2.7.1.1	Unique Technical Disciplines or Combinations of Disciplines	26
	2.7.1.2	Specialized Facilities or Equipment	26
	2.7.1.3	Use of Patents, Copyrights, Proprietary Information, or Secret Processes	26
	2.7.1.4	Accrued Knowledge and Equipment or Facilities	26
	2.7.1.5	Urgent Requirements	27
	2.7.2	Procedures for Placing Urgent Requirements	27
2.8		Procedures for Review of DOE Projects With A Value of \$1 Million or More — Chairman Review or Approval	28
2.9		Sources-Sought Announcement	28
2.10		Information Technology (IT) Resource Review Process	29
	2.10.1	Method of Acquiring IT Resources	29
	2.10.2	Required Reviews and Approvals for the Acquisition of IT Resources.	30
	2.10.2.1	Office of Information Services (OIS)	30
	2.10.2.2	Chief Information Officer (CIO)	30

Contents (continued)

2.11	Organizational Conflict of Interest (OCOI)	30
2.11.1	Criteria for Recognizing OCOIs at the DOE National Laboratories	31
2.11.2	Procedures for Addressing Potential OCOI Situations When Identified at the DOE Laboratories	32
2.11.3	Procedures for Requesting a Waiver by the Executive Director for Operations (EDO) of Commission Requirements for Avoidance of OCOI	34
2.12	Waste Characterization, Packaging, and Disposal	36
Part 3 Placement of Work With DOE — Preward		39
3.1	Request for Proposal From DOE for New or Continuing Basic Agreements	39
3.2	Request for Proposal for Task Order Agreements	39
3.2.1	Procedures.	39
3.2.1.1	The Basic Task Order Agreement	39
3.2.1.2	Individual Task Orders	39
3.2.1.3	Urgent Task Order Actions	40
Part 4 Proposal Preparation and Submittal		42
4.1	Required Proposal Format — NRC Form 189 and Proposal Content Instructions	42
4.1.1	Proposal Narrative Content	42
4.1.1.1	Alternate Actions and/or Approaches	43
4.1.1.2	NRC Schedule and Due Dates	43
4.2	Cost Information	43
4.2.1	Cost Information Format	43
4.2.2	Spending Plan	44
4.2.3	Standardized Justification To Be Included With Proposal (NRC Form189) for IT Resources To Be Purchased by DOE Laboratories To Perform NRC Work	44
Part 5 Proposal Evaluation and Discussion		46
5.1	Evaluation of Laboratory Proposal	46

Contents (continued)

5.1.1	Comparison of Proposed Cost With the Independent Government Cost Estimate (IGCE)	46
5.1.2	Proposal Evaluation — Past Performance	46
5.2	Negotiations and Discussions	47
5.3	Summary of Negotiations	48
Part 6	Work Authorization and Initiation	49
6.1	Authorization of Work — Standard Terms and Conditions	49
Part 7	Monitoring NRC/DOE Laboratory Projects	50
7.1	Project Monitoring	50
7.2	NRC-Furnished Documents and Materials	51
7.3	Review and Analysis of the MLSR	51
7.4	Modifications to Projects	53
7.5	Monitoring Laboratory Performance — Past Performance	54
7.6	Voucher Review Process	54
7.7	Foreign Travel.	56
7.8	Purchase of Additional NRC-Funded Software or Property	56
Part 8	Work Termination and Closeout	57
8.1	Remedies for Failure To Make Satisfactory Progress on Projects	57
8.2	Use of a Stop-Work Order	57
8.3	Cancellation of a Stop-Work Order	58
8.4	Termination of the Agreement	58
8.5	Closing Out the Project	59
8.6	Final Past Performance Evaluation	60
Part 9	Procedures for Managing Property Acquired Under NRC/DOE Projects	
	61	
9.1	Property Management Procedures	61
9.1.1	Procedures for Laboratory-Acquired Property	61
9.1.2	Reporting of Laboratory Property	62
9.1.3	Final Reporting and Disposition of Property	63
9.1.4	Property No Longer Required	64
9.1.5	Utilization Review and Transfer	64
9.1.6	DOE Annual Property Report	65

Contents (continued)

9.1.7	Section 1: Property (Excluding NRC-Funded Software With a Useful Life of Two or More Years) Acquired in the Reporting Year	65
9.1.8	Section 2: NRC-Funded Software With a Useful Life of Two or More Years Acquired in the Reporting Year	66
9.1.9	Section 3: Property and NRC-Funded Software With a Useful Life of Two or More Years Acquired Previously	67
9.1.10	DC/ADM Property Tracking	67
Part 10	Documentation and Filing	68
10.1	Official Office Project File	68
10.2	Office Project File Maintenance	68
10.3	Specific Office Project File Content	68
10.3.1	Basic Agreement Files	69
10.3.2	Modifications to Agreement File Requirements	70
10.3.3	Individual Task Order (TO) File Content	70
10.3.4	Modifications to Task Orders	71
10.4	Office Project File Disposition — ADAMS	71
Part 11	Standard Terms and Conditions	73
11.1	Technical Direction	73
11.2	Billing Requirements	73
11.3	Intellectual Property Rights	74
11.4	Dissemination of Project Information	75
11.5	Copyright in Computer Software and Codes	75
11.6	Key Personnel	76
11.7	Limitation of Funds	77
11.8	Stop-Work Order	78
11.9	Termination	79
11.10	Security	80
11.10.1	Unclassified Work Efforts	80
11.10.2	Classified Work Efforts	80
11.10.3	Classification	82
11.10.3.1	Classification Clause	82

Contents (continued)

11.10.3.2	Unclassified Safeguards Information, Unclassified Controlled Nuclear Information, or Unescorted Access to Protected and Vital Areas of Nuclear Power Plants	83
11.10.3.3	Proprietary Information	83
11.10.3.4	Other Sensitive Unclassified Information	84
11.11	Information on NRC Cooperative Programs With Foreign Governments and Organizations and with U.S. Industry	84
11.12	Contract Security Requirements for Unescorted Access to Nuclear Power Plants	85
11.12.1	Temporary Approval	85
11.12.2	Final Approval	86
11.12.3	Fitness for Duty	87
11.12.4	Basic Exposure Control and Personnel Dosimetry Training Requirements	87
11.12.5	Subcontractor Information—Subcontracting	87
11.13	Software Development	88
	Glossary	G-1
	Exhibits	
	Exhibit 1, Memorandum on Review for Duplication of a Proposed DOE Laboratory Project (Optional)	E-1
	Exhibit 2, Letter Requesting a DOE Laboratory Proposal (Optional)	E-2
	Exhibit 3, NRC Form 189, “DOE Laboratory Project and Cost Proposal for NRC Work”	E-5
	Exhibit 4, Associate Competition Advocate Designation Memorandum	E-11
	Exhibit 5, File Review Checklist	E-12
	Exhibit 6, Statement of Work Sample	E-18
	Exhibit 7, Monthly Letter Status Report Requirements	E-24
	Exhibit 8, Information Technology (IT) Resources Review (Optional)	E-34
	Exhibit 9, Voucher/Expenditure Log	E-37
	Exhibit 10, Letter Requesting a Revised DOE Laboratory Proposal (Optional)	E-38
	Exhibit 11, Sample Transmittal Letter for Standard Order for DOE Work (Optional)	E-40

Contents (continued)

Exhibit 12, "Approval for Interagency Billing — DOE," Office of the Chief Financial Officer	E-41
Exhibit 13, Disposition of DOE Laboratory-Acquired Property (Optional)	E-42
Exhibit 14, Electronically Reporting Cost Data	E-43
Exhibit 15, Template for Waiver Requests	E-47
Exhibit 16, NRC/DOE Memorandum of Understanding	E-49
Exhibit 17, NRC Form 173, "Standard Order for DOE Work (SOEW)"	E-56

Part 1 Introduction

1.1 Overview of Project Management for DOE Laboratory Agreements

NRC follows an agencywide standard for project management that applies to NRC/DOE work orders and commercial contracts. Application of this standard affords an orderly, fully documented process and ensures that NRC offices carry out their project management responsibilities in a consistent manner.

- Project management consists of management of all aspects of a project, including the technical, cost, and administrative functions.
- To accomplish these varied functions, Project Managers (PMs) shall complete project management training and become certified PMs in order to serve as PMs of DOE laboratory agreements.

1.2 Project Management Practices for DOE Laboratory Agreements

The principles of sound project management are inherent in the following practices:

- Development of statements of work (SOWs) with specific tasks to be performed; period of performance; identification of deliverables, including content requirements for reports; and delivery schedules.
- Preparation of a detailed independent Government cost estimate (IGCE) to be used in evaluating laboratory cost proposals. (Use optional NRC Form 554A, "Independent Government Cost Estimate (IGCE) for DOE Laboratory Agreements.")
- Evaluation of the adequacy of laboratory technical and cost proposals to meet the project objectives. (Optional Form 558, "Summary of Proposal Evaluation.")
- Negotiation of fair and reasonable costs for projects.
- Preparation of summaries of negotiation detailing the basis for determining reasonableness of costs. (Use NRC Form 555, "Summary of Negotiations.")

- Performance of systematic technical and cost monitoring of projects, utilizing a monthly letter status report (MLSR) submitted by the DOE laboratory and laboratory spending plans as baselines for measuring progress versus cost.
- Providing written evaluations of laboratory performance at the time the project is completed, including technical performance and specific deliverables received.
- Ensuring that any cost increases are reasonable and justified.
- Ensuring timely initiation of closeout procedures and expedient deobligation of excess funds.

1.3 Specific Activities of Project Management

NRC offices shall ensure that the following responsibilities are accomplished for projects placed with DOE.

1.3.1 Planning and Initiation Phase

- Prepare an office advance procurement plan (APP).
- Prepare an SOW.
- Prepare an IGCE for any project or individual task order (TO) and any modification to an existing project or TO as required. (Use NRC Form 554A.)
- Prepare a justification for DOE source selection.
- Coordinate duplication review. (See Exhibit 1.)
- Complete "Contract Security and/or Classification Requirements" for any work requiring access to classified or sensitive unclassified information using NRC Form 187.
- Obtain all required approvals stated in this handbook.
- Issue a request for a proposal package to DOE (see Exhibit 2) with a copy to the laboratory.

- Review and evaluate the laboratory proposal against the SOW and the IGCE, if applicable.
- Evaluate potential for organizational conflict of interest (OCOI).
- Identify any technical or cost concerns for discussion. (Use NRC Form 558, “Summary of Proposal Evaluation.”)
- Document results of negotiations. (Use NRC Form 555.)
- Obtain required approvals for use of classified material in a project.
- Ensure certification of funds and issue NRC Form 173, “Standard Order for DOE Work (SOEW).” (Exhibit 17 and available on the online forms icon.)

1.3.2 Performance Phase

- Review and analyze the MLSR to ensure that reported costs are reasonable and commensurate with technical progress.
- Review and analyze spending plan updates required for variances of greater than 20 percent of project costs to determine if required work is projected to be within schedule and estimated costs.
- Ensure DOE compliance with the required limitation of cost/funds provisions as set forth in the “Standard Terms and Conditions.”
- Assess if the Chairman/Commission should be notified of actions requiring review or approval or of any significant changes in accordance with the office director’s delegation of authority.
- Initiate action to prevent or mitigate schedule delays and cost overruns.
- Review DOE-billed cost(s) against performance and costs reported in the MLSR to determine whether billed amounts are reasonable.
- Approve or disapprove DOE charges within 20 calendar days. A written explanation must accompany disapproval.

- Approve foreign travel and forward NRC Form 445 to the Executive Director for Operation's office for approval.
- Ensure DOE compliance with the SOW; that is, ensure that delivery schedules are met, that problems are addressed and solved expeditiously, and that the project stays within the estimated cost to the extent possible.
- Approve written request from the laboratory for purchase of additional NRC-funded software or property valued at \$500 or more after work initiation.
- Provide technical direction and guidance to the laboratory.
- Keep apprised of, and adhere to, management directives (MDs 12.2, 12.3, 12.5, and 12.6) in Volume 12, "Security," as related to classified or potentially classified contracts or agreements, ensure compliance with security provisions, and resolve problems involving access to licensee sites.
- Issue modification(s) to the SOW and agreement, as necessary.
- Issue stop-work order(s) or notice of termination of projects, as appropriate, for cases in which performance is unsatisfactory, project results are no longer needed by NRC, or an OCOI exists and the existing work is to be placed with another source.
- Analyze proposed laboratory termination settlement costs and coordinate the termination agreement with DOE.
- Ensure that all SOWs and signed NRC Forms 173 for the initial award and all modifications are placed in the Agencywide Documents Access and Management System (ADAMS) in accordance with office procedures.
- Review, evaluate, and approve all deliverables for technical sufficiency and provide comments, as appropriate, in a timely manner.
- Ensure that required documents are filed in the office project file in accordance with this handbook.

1.3.3 Work Completion and Closeout Phase of Projects

- Approve final acceptance of the DOE work order product.
- Prepare a written evaluation of the DOE laboratory's performance on the project.
- Ensure that interim and final reports are electronically submitted to ADAMS in accordance with office procedures.
- Respond to requests regarding property utilization under assigned projects(s).
- Complete closeout of agreement by reconciling costs and deobligating excess funds.

1.4 Acquisition Roles and Responsibilities

1.4.1 NRC Project Manager

The NRC PM is responsible for the technical aspects of the project as well as the administrative responsibilities in the DOE/laboratory process.

The role of the NRC PM in the process is crucial for several reasons:

- The resulting project product(s)/services will support the NRC's mission.
- Tax dollars and fees collected from NRC-regulated organizations are used to pay for the products(s)/services and, therefore, these funds must be spent wisely.
- Expenditure of funds requires a thoughtful, disciplined, documented process that will withstand scrutiny by an independent third party that the funds were expended wisely and that the product received is useful and supports the agency mission of nuclear safety.

In addition to technical and contractual responsibilities, the PM is also charged with ensuring that a permanent agency record is established and maintained and that all the required documents and records for each project are contained in the official NRC project file.

1.4.1.1 Technical Direction Given by the Project Manager

Technical direction given to the laboratory by the PM must be consistent with the NRC SOW and the SOEW. Significant technical direction must be documented in writing and forwarded to the DOE laboratory, and a copy placed in the official NRC office project file.

Technical direction may include approval of approaches, solutions, designs, or refinements; interpretation of specifications; or shifting of emphasis among work areas or tasks.

Technical direction will not constitute new assignments of work and will not change the estimated project cost or change the scope or expressed terms, conditions, or specifications contained in the current SOW.

1.4.1.2 Guidelines for the Project Manager

The PM should—

- Provide timely information or guidance to the performing organization for purposes of clarification and performance in accordance with the limitations in the required terms and conditions clause “Technical Direction.”
- Be aware, at all times, of how well the organization is performing by regularly monitoring the deliverable schedule, deliverable receipt and content, the spending plan projected cost, and schedule versus costs incurred.
- Be alert to any possibility of a personal conflict of interest or an OCOI that might jeopardize the results of the project and take action immediately by referring the possible OCOI to the Office of the General Counsel (OGC) so that it may be removed or mitigated.
- Document significant activity (place in the official agency project file) during all phases of the project from beginning to end (closeout), such as day-to-day conversations, notes, e-mails, memos, letters—both incoming and NRC initiated. Make sure that the file is current, orderly, and reflects the NRC PM’s day-to-day project oversight.

- Monitor incremental funding needs versus work progress. Ensure that incremental funding is provided in a timely manner. Note that the performing organization is required to stop work when obligated funds are expended.
- Provide NRC-furnished documents/materials and equipment described in accordance with the SOW schedule.
- Monitor anticipated problems and their proposed solutions described in the MLSR.
- Be alert for inadvertent changes to the scope of the work by either party. Constantly ask the question, “Does this change affect the cost either upward or downward?” If it does, it needs to be negotiated and approved by the NRC office director or designee and the DOE Contracting Officer (CO).
- Initiate “closeout” of the project expeditiously.
- Deobligate unused funds as soon as possible.
- Ensure that the official agency project file accurately reflects performance. Evaluate and document the overall performing organization annually and evaluate the product received. Remember that the purpose of performance documentation is important for the current project and for future projects.

If property was acquired under the agreement, NRC has first right of refusal of the property. Review the property list and suggest disposition, considering if the property can be used on another NRC project.

The PM shall—

- Never discuss NRC’s APPs, an IGCE, or a source justification (NRC Form 367) with anyone outside of NRC.
- Never authorize work not included in the SOW to be performed. Work not specifically covered in the SOW needs to be “scoped-out,” that is, described in writing, so that the performing organization can submit a technical and cost proposal. “Covered in the SOW” means that it was part of the agreement that the NRC office director or designee authorized.

- Never authorize the performing organization to omit, skip, or delete a task and/or deliverable or portion of a task and/or deliverable without modifying the agreement and/or TO and pricing out the decrease in the scope of work. The office director or designee is the only NRC individual who can authorize decreases in the scope of work.
- Never authorize funds expenditures in excess of what is obligated on an agreement and/or TO with the idea that the “paperwork” can catch up. The NRC office director or designee is the only one who can obligate or deobligate (remove) funds from an agreement and/or TO. In addition, the official agency record (the agreement file) must reflect that all the required actions were taken.
- Avoid oral or written guidance that may be interpreted as a change to the terms of the agreement. SOW changes (including additions and deletions) should be clear and need to be “negotiated” and formalized by a modification before they can be performed. If modification is urgent, follow guidelines found in Part 2.
- Never issue a stop-work order or terminate an agreement without a written authorization from the NRC office director or designee. It is also advisable that situations that could result in either a stop-work order or termination of a portion or the entire agreement be discussed with Division of Contracts and OGC prior to the action being taken.
- Not authorize the performing organization to start work on an urgent basis without the express approval of the office director or designee.
- Never use the DOE/laboratory process as a “pass-through” to obtain supplies or services from a commercial contract.

1.4.1.3 Mandatory Training Requirements

NRC requires that all PMs receive mandatory training in order to become an NRC “certified” PM. The PM acquisition training curriculum focuses on the NRC environment and offers 12 separate modules and an online Web-based refresher training course. Certification as an NRC PM requires completion of five mandatory training module workshops or modules. While not required for certification, it is highly recommended that PMs complete the seven nonmandatory training workshops. Note that it is the responsibility of the PM and the PM’s manager to ensure that all mandatory training

requirements are met *prior* to assignment of any acquisition assignments, including DOE agreement project management. Acquisition training curriculum information may be found on the Office of Administration's (ADM's) Web page.

PM Certification Training Course Requirements (Mandatory)

Overview
Preparing Statements of Work
Independent Government Cost Estimate
Contract Administration
Organizational Conflicts of Interest

Required PM Refresher Certification Training (Mandatory)

Certified PMs are also required to take the "*Acquisition Overview Refresher On-Line Training*" module every 3 years to maintain their certification.

1.4.2 Office Associate Competition Advocate

Each office has one or more assigned Associate Competition Advocate (ACA). The NRC Office ACA is designated in writing by the NRC office director or designee. A sample NRC Office ACA designation memorandum is provided in Exhibit 4.

The NRC Office ACA is responsible for reviewing the PM's written justification for placing work with DOE laboratories (NRC Form 367) and the project SOW to determine whether the facts and rationale presented by the NRC PM support the criteria for placement of work with DOE in accordance with this handbook. The PM is responsible for the basis of the justification, and the supporting background information and knowledge of the technical field. The ACA also ensures that the justification and SOW are adequate before recommending on the NRC Form 367 that the office director or designee approve or disapprove of placement of work with the DOE laboratory.

For project(s) with a cost of \$1 million or more, the Office ACA acts to ensure that work does not unnecessarily duplicate or overlap with other NRC projects already proposed, in progress, or completed. When appropriate, the NRC Office ACA also recommends alternate sources to accomplish the work.

ACAs are required to attend the "Overview" module every 3 years.

1.4.3 The NRC Technical Monitor (TM)

A TM may be designated to assist the PM in overseeing part of a project. The TM is responsible for providing technical guidance to the laboratory regarding staff interpretations of technical aspects of regulatory requirements, along with copies of relevant documents when requested by the performing organization. The TM is not authorized to unilaterally make changes to the approved work scope or schedule or give the laboratory any direction that would increase cost over approved levels. While TMs may be assigned to assist the PM, the overall project responsibility for placement, monitoring, and accountability remains with the NRC PM. TM responsibilities and limitations should be described in each agreement's Terms and Conditions.

TMs who assist the PM in the DOE laboratory agreement process must take the same five mandatory training courses as the PM.

1.4.4 Division of Contracts

The Division of Contracts (DC), ADM, is responsible for oversight of NRC work placed with DOE, and its contractors, laboratories, technology centers, or DOE employee-operated facilities.

DC staff conduct office file reviews periodically to ensure that DOE laboratory projects are being conducted in accordance with the guidelines outlined in this handbook. The scope of project file reviews includes (but is not limited to) office use of past performance information, the degree to which deliverables and due dates are clearly defined in the SOW, and evidence of use of performance-based techniques, where practicable. The reviews will also provide emphasis on the adequacy of documentation of monthly progress reviews. The reviews will help to ensure adherence to sound contract management practices and will provide constructive feedback to the supporting office, including specific findings and recommendations for improvement. The file review checklist used by DC may be found at Exhibit 5.

DC's Web page (http://www.internal.nrc.gov/ADM/DCPM/DCPM_HOME_PAGE.html) lists all of its responsibilities and includes a separate Web page dedicated to agreements placed under MD 11.7 (<http://www.internal.nrc.gov/ADM/DCPM/does1.html>).

1.5 Use of Exhibits

The exhibits found in this handbook contain guidance to enable the NRC office to adequately document the placement and monitoring of NRC/DOE work orders in accordance with sound business principles.

The following forms and formats are prescribed for use. The forms are available on the online forms icon or are attached as exhibits to this handbook:

Forms List

NRC Form 173, "Standard Order for DOE Work (SOEW)" — Online forms icon

NRC Form 187, "Contract Security and/or Classification Requirements" (if applicable) — Online forms icon

NRC Form 189, "DOE Laboratory Project and Cost Proposal for NRC Work" — <http://www.nrc.gov/reading-rm/doc-collections/#forms>.

NRC Form 367, "DOE Source Selection Justification" — Online forms icon

NRC Form 426, "Authorization to Publish a Manuscript in the NUREG Series" — Online forms icon

NRC Form 493, "Property Transfer Request" — Online forms icon

NRC Form 552, "Monthly Letter Status Report Review (MLSRR)" — Online forms icon

NRC Form 554A, "Independent Government Cost Estimate (IGCE) for DOE Laboratory Agreements" — Online forms icon

NRC Form 555, "Summary of Negotiations" — Online forms icon

NRC Form 558, "Summary of Proposal Evaluation" — Online forms icon

NRC Form 559, "NRC/DOE Project Closeout" — Online forms icon

Exhibits List

Exhibit 1, Memorandum on Review for Duplication of a Proposed DOE Laboratory Project (Optional)

Exhibit 2, Letter Requesting a DOE Laboratory Proposal (Optional)

Exhibit 3, NRC Form 189, "DOE Laboratory Project and Cost Proposal for NRC Work"

Exhibit 4, Associate Competition Advocate Designation Memorandum

Exhibit 5, File Review Checklist

Exhibit 6, Statement of Work Sample

Exhibit 7, Monthly Letter Status Report Requirements

Exhibit 8, Information Technology (IT) Resources Review (Optional)

Exhibit 9, Voucher/Expenditure Log

Exhibit 10, Letter Requesting a Revised DOE Laboratory Proposal (Optional)

Exhibit 11, Sample Transmittal Letter for Standard Order for DOE Work (Optional)

Exhibit 12, "Approval for Interagency Billing — DOE," Office of the Chief Financial Officer

Exhibit 13, Disposition of DOE Laboratory-Acquired Property (Optional)

Exhibit 14, Electronically Reporting Cost Data

Exhibit 15, Template for Waiver Requests

Exhibit 16, NRC/DOE Memorandum of Understanding

Exhibit 17, NRC Form 173, "Standard Order for DOE Work (SOEW)"

Staff may use alternate forms but must ensure information required on the NRC form is included.

Part 2

Project Planning and Approvals

Section 1.3.1 of Part 1 provides an overview of specific activities of project management during the planning and initiation phase.

2.1 Advance Procurement Plan

New projects and modifications to existing projects, as well as task orders (TOs), must be included in the NRC office Advance Procurement Plan (APP) and updates to the APP. The APP is an annual plan that identifies projects to be completed through a procurement process, including issuance of a work order with DOE laboratories.

The Project Manager (PM) should first determine whether an APP covering the project has been previously prepared and if it has, the PM should review and update the APP. If no previous APP exists for the project, the modification, or the TO, the PM should prepare the APP in accordance with the office APP procedures. The PM obtains appropriate approvals, including funding levels for the project, prior to submitting the APP. The APP is submitted by each office using an electronic format provided by the Division of Contracts (DC).

2.2 Types of Laboratory Actions

2.2.1 Basic Agreements

The basic agreement is the most common arrangement used for an overall project. This kind of agreement might have several to many separate tasks described with a schedule for each task and associated deliverables. Cost is generally tracked on the overall project basis but may be tracked on each task if the PM determines it is necessary.

2.2.2 Task Ordering Agreements

A TO agreement is a type of contract “arrangement” that is useful and necessary under certain circumstances, such as a point in time when only the general requirement or overall project objective may be known and the details of the specific tasks under the requirement might not be known until a later date. In addition, the specific tasks will be of a generally similar and/or recurring nature.

When these circumstances exist, an overall TO agreement may be used to broadly describe the overall project objective in the statement of work (SOW), the type of services required, a project term period, applicable terms and conditions, and procedures for placement of individual TOs. Then, as the need for each task becomes known and can be better defined on a more detailed level, it is negotiated and issued as a separate TO under the authority of the overall agreement. NRC does not obligate funds under a TO agreement. Each TO is funded separately.

Since TO agreements are more administratively burdensome than a regular agreement, every effort shall be made to ensure that they are used only when appropriate.

2.3 Developing a Statement of Work (SOW)

The SOW is considered the single most important element of the entire process. The SOW serves as the foundation of every agreement and TO. It provides the prospective performing organization with the essential information needed to enable it to prepare a proposal. The original SOW and the proposal together constitute the basis for discussions. The SOW should fully answer the question: What is to be delivered?

The NRC Office PM is the author and independently develops the SOW. Because NRC PMs are the stewards of public funds appropriated to fulfill the agency's mission, PMs, as Government employees, should develop SOWs independently to define the Government's minimum needs. It is therefore unacceptable for a DOE laboratory to prepare or jointly prepare SOWs with NRC. However, when the NRC office determines that it is in the Government's best interest to obtain technical information not readily available, an office, before development of an SOW, can discuss general concepts and methods, knowledge at the edge of the state of the art for a technical discipline, laboratory expertise, capabilities and equipment available, and the general time frame for project completion of confirmatory research or technical assistance. Under no circumstances are costs to be discussed with the laboratory at this time.

The SOW describes the overall technical requirement and provides essential information needed to prepare both a cost proposal and a technical proposal. It describes introductory and background material, the tasks to be performed, the items or equipment to be developed, and the technical and management data to be delivered under the agreement. The SOW may contain discussions of technical problems, technical guidelines, and suggested approaches and methodologies to problem solutions. It also should include researched references, related information, and other

data that will assist in preparing the technical proposal. The level of expertise can be provided, that is, senior scientist or mid-level software programmer. The level of effort in staff years may also be provided.

After an agreement has been awarded, the requirements set forth in the SOW constitute the definitive standard for measuring the laboratory's performance. The SOW serves as the foundation of every agreement. All other elements of an agreement evolve around it, including the NRC Form 189 proposal (see Exhibit 3), are affected by it, or are dependent on it. Problems during performance are often traceable to the approach, terminology, and content of the SOW. Regardless of other communication between the agency and the laboratory as the work progresses, the parties must look to the language of the SOW as the final determinant of scope, responsibilities, and obligations.

2.3.1 Performance-based SOW

A performance-based SOW is preferred. A performance-based SOW emphasizes—

- the purpose of the work to be performed, with the contract requirements set forth in clear, specific, and objective terms with measurable outcomes

as opposed to—

- either broad and imprecise SOWs or how the work is to be performed.

A performance-based SOW is an approach based on performance specification. A performance-based SOW ensures that all aspects of the project are structured around the purpose of the work to be performed rather than either the manner by which it is to be done or broad and imprecise SOWs. The requirements are set forth in clear, specific, and objective terms with measurable outcomes. A performance-based SOW does not describe how the work is to be done. Performance-based methods are intended to ensure that required performance is achieved and that total payment is related to the degree to which services performed meet SOW standards.

Performance-based SOWs contain the following:

- Requirements described in terms of results required rather than the methods of performance of the work

- Measurable performance standards (i.e., terms of quality, timeliness, quantity, etc.) used to assess work performance
- Quality assurance surveillance plans, also known as performance assessment plans

Performance-based SOWs should—

- Define requirements in clear, concise language identifying specific work to be accomplished in terms of “what” is to be the required output rather than either “how” the work is to be accomplished or the number of hours to be provided.
- Rely on the use of measurable performance standards and acceptance criteria.

NRC quality assurance surveillance shall be performed when necessary to determine that the laboratory services conform to agreement requirements. The PM can achieve quality assurance surveillance by regularly meeting with or speaking to the technical staff working on the project and by carefully reviewing the monthly letter status reports (MLSRs) submitted by the laboratory.

A sample format of an SOW, including performance-based elements, may be found at Exhibit 6. DC/ADM’s Web site provides further guidance regarding standard provisions in SOWs for DOE laboratory agreements.

2.3.2 Required Elements of the SOW

2.3.2.1 Basic Project Information

For all agreements and TOs, the SOW must contain the following information:

- Project Title
- Job Code Number
- B&R (Budget and Reporting) Number
- BOC (Budget Object Classification) Code
- TAC [Technical Assignment Control] Number (If work is fee-recoverable)
- Docket Number (If work is fee-recoverable)
- Fee-Recoverable or Non-Fee-Recoverable
- NRC Issuing Office
- NRC PM’s Name
- NRC PM’s Telephone Number
- Performing Organization

- NRC Technical Monitor(s)' (TM(s)') Name(s)
- NRC TM(s)' Telephone Number(s)

2.3.2.2 Background

The SOW background section provides a brief statement of the purpose of the work and discussions of pertinent work previously accomplished, technical problems, suggested approaches, possible methodologies for problem solution, and expected results. It should also provide explanations or constraints necessary to understand the requirement, such as how the requirement arose and its relationship to previous, concurrent, and future programs, and any details that reveal the purpose and significance of the requirement.

A well-written, brief discussion of the various aspects of the technical problem requiring solution can set the stage for the preparation of technical proposals by laboratories. Statements on the importance of the new work may be included, along with techniques that have been tried and found effective.

2.3.2.3 Objective

The objective section describes the expected results to be obtained, with a description of how the end product(s) will be used in the regulatory process.

2.3.2.4 Scope of Work

The scope of work section should provide an objective and concise description of the work required. The scope of work should provide the specifics of what NRC needs, what deliverables will be expected, and the due dates. Specific tasks to be performed should be delineated and should include required contractor actions and a description of all required deliverables. The scope of work should explain if tasks are to be performed concurrently or sequentially. The NRC PM shall identify in the SOW when the requested work is fee-billable.

State exactly what work needs to be done so that the performing organization has a clear understanding of NRC's expectations. If an SOW is unclear, the costs could be underestimated, resulting in a potential cost overrun. If this happens, the PM will be forced to find additional funds or cut the project short in order to stay within budget. In

the latter case, the funds obligated on the project could have been wasted because the product might be unusable.

2.3.2.5 Technical and Other Special Qualifications Required

Specify the labor categories and any special expertise that is required to perform the proposed effort. If applicable, specify whether site access or unescorted site access will be required and provide instructions on acquisition of the site access authorization.

2.3.2.6 Meetings and Travel

Identify both domestic and foreign travel and/or meetings necessary for the performance of the work. Specify the purpose of each meeting or trip, the destination, the number of people necessary, and the estimated length of time. If specific dates for meetings or trips are known, they should be provided. State if a deliverable, such as a trip report, is required.

This information is provided to the DOE laboratory in order to permit a more precise estimate of the costs involved in performance of the work. The laboratory shall address the NRC's requirements in its proposal. The laboratory may also suggest or propose an addition, deletion, or substitution of meetings and/or trips. Such proposed changes to NRC's SOW should be considered and evaluated by the PM in light of what is required to perform the work as described in the SOW. Only necessary trips and meetings should be approved.

2.3.2.7 Deliverables, Schedule, and or Milestones — Monthly Letter Status Report

Deliverables should be itemized with schedule or milestone due dates included. Due dates or milestones for NRC-required actions should also be included.

Example:

Deliverables/Schedule

The _____ organization shall provide all required deliverables to the NRC Project Manager (PM) in accordance with the anticipated schedule below for review and comment. The NRC PM will provide comments to the contractor's PM no later than

(NLT) the number of days specified below. Comments will be provided to the contractor's PM by e-mail whenever possible. If adjustments to this schedule are required, the revised dates agreed upon by the contractor and the PM will be incorporated into this order via a formal modification to this agreement.

XXX shall provide a Draft Training Outline	NLT 30 days from the commencement of this agreement.
The NRC PM shall review and provide comments on the Draft Final Training Outline	NLT 10 working days after receipt of the Draft Training Outline
XXX shall provide a Final Training Outline	NLT 20 working days after receipt of NRC comments on the Draft Final Training Outline

As a minimum, MLSRs and a final report must be listed as SOW project deliverables. The format and content requirements for the MLSR are contained in Exhibit 7. Additional information regarding the MLSR may be found in Part 7, Section 7.3. The laboratory shall submit an electronic version of the MLSR to the NRC PM by the 20th day of each month, with copies distributed as stated in the SOW.

2.3.2.8 Level of Effort

In estimated staff hours, specify the estimated level of effort for the project. In order to assist the laboratory in preparation of its proposal and to facilitate NRC's later evaluation of the proposal, the level of effort, stated in staff hours, should be broken down by task(s). If a particular expertise is required for performance of the work, this should also be specified. For example, "the level of effort for Task 1 is 100 staff hours of a geologist's time, and Task 2 is 125 staff hours each of both a geologist's and a seismologist's time."

2.3.2.9 Period of Performance

The period of performance is the start date and end date of the project.

2.3.2.10 NRC-Furnished Material

Identify specific reports, journals, documents, equipment, or other items that NRC intends to provide to the performing organization so that the performing organization can perform the specified work. Identify the date this material will be provided by NRC.

2.3.2.11 Performing Organization Acquired Materials

NRC does not pay for the basic infrastructure of the laboratories. If there is a need for the laboratory to purchase equipment that will be used specifically to perform NRC work, NRC must be notified in writing before the purchase. NRC rules regarding the purchase of IT equipment apply. See the NRC office IT coordinator.

2.3.2.12 Organizational Conflict of Interest

Organizational conflict of interest (OCOI) is described in detail in Section 2.11. In the SOW the laboratory is asked to provide descriptions of present, planned, or past (generally 5 years) work for other organizations by the laboratory or by the operator of the DOE laboratory in the same or similar technical area as the NRC project scope of work, including but not limited to, NRC licensees, vendors, industry groups, or research institutes that represent or are substantially composed of nuclear utilities. Name of Organization, estimated dollar value, and period of performance of the work identified should be provided. The requirement to obtain information describing applicable work extends to any subcontractor the laboratory intends to use. Exhibit 6 contains suggested OCOI text for the SOW. Updated information may be found in the Office of Administration's (ADM)/DC Web site.

2.3.3 Cost Information

The PM's estimated cost amount must not appear in the SOW or otherwise be disclosed to the performing organization. The best way to arrive at a price for work that is complex and intricate and that is fair and reasonable to both parties is to first describe the work and estimate the cost. Following this step, the description of the work is then provided to the other party without the cost estimate. This measure allows the performing organization to independently review the SOW and address the cost without being influenced. There will most likely be differences between the NRC's estimate and the proposal. However, by examining the differences and the underlying reasons for them, the NRC PM may discover that a step was missed and left out of the SOW or that the proposal includes a step that is not needed because NRC planned to do that step but did not mention it in the SOW. The point is that the NRC PM might never have discovered this fact if the NRC's estimate had been provided at the outset.

2.3.4 Other Considerations

2.3.4.1 Systems Development

The PM, after consultation with the Office of Information Services (OIS), shall include specific language in the SOW addressing computer security and quality assurance if software or hardware systems development is contemplated under a laboratory work project.

In addition, any systems developed by a laboratory must be in a format compatible with NRC equipment and software.

2.3.4.2 Avoidance of Personal Services Relationship

A personal services relationship exists when NRC treats the performing organization's personnel as though they were NRC employees. This kind of relationship can occur if the SOW or the actions of the PM create the appearance that there is an employer-employee interaction. Personal services arrangements that create an employer-employee relationship are illegal. Government personnel may create a prohibited personal services relationship by such activities as preparing work schedules for contractor employees and using contractor staff interchangeably with Government employees. Development of a definitive SOW is necessary to safeguard against personal services relationships as it provides sufficient information to enable the laboratory to work independently without the need for direction that could be construed as supervisory in nature. The Government, not its contractors, must remain accountable for policy decisions and other governmental functions that may be based on contractor performance and work products. In practical terms, this means that the NRC PM does not supervise the performing organization's employees nor establish their work schedules. The NRC PM is allowed to provide technical direction to the performing organization. Direction from the NRC office to the DOE laboratory must be within the bounds of the SOW and agreed-upon terms and conditions. The office shall evaluate contractor performance against SOW requirements.

2.3.4.3 Federal Information Security Management Act (FISMA) Compliance

All automated information processing systems developed or used as part of a project effort must be compliant with the December 2002 Federal Information Security Management Act (FISMA). Compliance must be demonstrated by copy of the letter from

the laboratory's Designated Approving Authority stating that the system(s) are accredited.

2.4 Subcontracting Under NRC/DOE Work Orders

Subcontracting of work under NRC/DOE work orders is permitted. However, the NRC offices shall ensure that the laboratory avoids "pass-through" actions (projects and individual TOs) in which the subcontractor performs the majority of the effort and the laboratory acts as an overseer and as a mere conduit for subcontract administration and does not contribute significantly to the technical results. A "pass-through" shall be avoided for both projects and individual TOs.

The DOE laboratory shall include résumés and work to be undertaken concerning its proposed subcontractor(s) or consultant(s) in its proposal.

The DOE laboratory shall also include cost details (level of effort, direct labor cost, travel costs, materials, equipment, indirect rates, and other direct costs) for all consultants and subcontractors when subcontract costs are estimated to exceed 25 percent of the project value.

Although the identity of a subcontractor or consultant may not be known at the time of proposal submission, the DOE laboratory shall describe in its proposal, to the greatest extent possible, any technical support effort proposed to be performed by a subcontractor or a consultant.

Determinations as to whether the subcontracting or consulting effort is "major or significant" are based on the labor hours to be subcontracted in relation to the total number of labor hours for a project or an individual TO and/or the impact that the subcontracted portion of work would have on project or individual TO results.

The laboratory shall have technical responsibility for directing the accomplishment of the subcontract effort, and all subcontract deliverables shall be integrated into the laboratory's work product.

If the NRC office requires additional specific subcontractor information or limitations, these requirements shall be stated on the NRC Form 173 ("Standard Order for DOE Work (SOEW)"). DOE will provide any special requirements, such as financial and organizational disclosures for consulting services, to the office.

2.5 Technical Reporting Requirements

The reports required may be classified, sensitive or nonsensitive, or unclassified.

The SOW must specify the technical reporting requirements, a concise list of reports to be provided, the desired level of contractor management review of reports, and the frequency, content, and distribution of the reports. The minimum reporting requirement is a final report, either in the form of a letter or a NUREG-series report, to be furnished upon completion of the work. Annual reports may be requested for multiyear projects.

Technical reports required by the SOW consist of information on the technical aspects of the work. These reports may be technical evaluation reports (TERs), draft or final formal technical reports for publication in the NUREG series, or draft or final material for inclusion in NRC safety evaluation reports (SERs) or environmental impact statements (EISs) as specified in the following definitions.

- TERs are interim or final letters that provide information on the technical aspects of the work. Interim technical letter reports may be required at various stages of a project. These interim letter reports are usually followed by a final technical letter report or a formal technical report.
 - Final technical letter reports are usually specified in situations in which the technical work involves the review and evaluation of work of others or work to be used by the staff in the licensing and regulation process.
 - Interim technical letter reports may include, but are not limited to, informal interim progress reports, quick-look reports, data reports, status summary reports, project descriptions, pretest predictions, model verifications, experiment safety analyses, experiment operating procedures, facility certification reports, and test result reports. These reports must be identified with the job code assigned to the project. The number of copies to be prepared and the distribution of those copies will be specified in the SOW by the NRC office.
 - All unclassified technical letter reports that do not contain proprietary information, safeguards information, or other sensitive unclassified information must be made publicly available by the office by sending a copy to the NRC Public Document Room through the Agencywide Documents Access and Management System

(ADAMS). Each technical letter report must be identified with the job code assigned to the project.

- Formal technical reports are the final product of research and original investigation or are a significant compilation of information. These formal technical reports will be published in the NUREG series. Formal monthly, quarterly, or semiannual and annual technical reports may be required for extensive long-term projects. A draft of the final or periodic report may be requested for comment before preparation of the camera-ready copy.

Draft material for inclusion in SERs or EISs consists of written material requested for input in SERs or EISs to be issued as NUREG-series reports. Such material may be abstracted and used by the NRC staff as necessary. NRC requires patent review and management review of this material by the performing organization.

2.5.1 Content of Technical Reports

The content of formal technical reports should follow generally accepted technical writing practices, with appropriate flexibility to meet the author's (authors') specific needs. See NUREG-0650, Revision 2, "Publishing NUREG-Series Publications."

Scientific and technical reports should not include administrative, managerial, or fiscal information unsuitable for wide dissemination. Further, scientific and technical reports must not contain proposals for additional work.

2.5.2 Cost Reporting

NRC and DOE may exchange cost data electronically if both parties agree. This exchange may occur with submittal of MLSRs, vouchers, or other financial data. Format information is provided in Exhibit 14, "Electronically Reporting Cost Data."

2.6 Independent Government Cost Estimate (IGCE)

A written independent Government cost estimate (IGCE) (see NRC Form 554A, "Independent Government Cost Estimate (IGCE) for DOE Laboratory Agreements") is the NRC PM's estimate of what the goods and services required by the NRC's SOW should cost. IGCEs are never released or discussed with entities outside of NRC.

NRC program offices shall develop a written IGCE when work to be placed with a DOE laboratory is expected to have an estimated cost of \$100,000 or more. At the value of \$100,000 or more, an IGCE is required for each new agreement, basic task ordering agreement or TO, as well as for each modification to an agreement or TO that involves a change or potential change in the scope of the work that affects cost either upward or downward. At the NRC office's discretion, a written IGCE may be prepared for an agreement or TO with an estimated cost of less than \$100,000. All IGCEs and any backup notes are required to be filed in the official agency project file. The IGCE form is specifically designed to reflect the typical laboratory structure. NRC Form 554A is electronically available on the online forms icon.

When developing the IGCE, the PM may use his or her own knowledge or draw on the expertise of other NRC staff who are experienced in different aspects of the work and can therefore provide insights that might help the PM define the cost. The PM ensures that the IGCE reflects costs for all elements of the SOW. The IGCE will assist the PM in analyzing the laboratory's cost proposal and in making a determination if the cost proposal reflects an accurate understanding of the proposed work.

2.7 Procedures and Content Requirements for Source Selection Justification for Placing Work With DOE Laboratories

For new work, NRC program offices shall prepare a justification for DOE source selection, documenting the justification for placement of work with DOE. (See NRC Form 367, "DOE Source Selection Justification.") The PM is responsible for the basis of the justification, and the supporting background information and knowledge of the technical field.

The Associate Competition Advocate is responsible for reviewing the justification for placing work with DOE and forwarding it, with a recommendation, to the office director or designee for approval or disapproval.

The Associate Competition Advocate performs an independent review of the justification to determine if the facts and rationale presented support the conclusion found in the criterion used to justify placement of work with DOE.

The justification shall be signed by the PM, the Associate Competition Advocate, and the office director or designee.

2.7.1 Criteria for Placement of Work With DOE

When completing the justification, the PM must cite and support one or more of the following criteria for using a DOE laboratory as opposed to a commercial source.

2.7.1.1 Unique Technical Disciplines or Combinations of Disciplines

Unique technical disciplines or combinations of disciplines may call for placement of work with DOE when there is a reasonable basis to conclude that the agency's minimum needs can only be satisfied by a laboratory possessing the unique technical capabilities or a unique combination of technical skills and highly specialized experience necessary to undertake and successfully complete the project.

2.7.1.2 Specialized Facilities or Equipment

Specialized facilities or equipment may be necessary when the effort requires their use to successfully complete the project.

2.7.1.3 Use of Patents, Copyrights, Proprietary Information, or Secret Processes

Use of patents, copyrights, proprietary information, or secret processes may be required when one or a combination of patents, copyrights, proprietary information, or secret processes is essential to the successful completion of the effort, and when the requirement cannot be revised to permit competition and open disclosure in the commercial sector.

2.7.1.4 Accrued Knowledge and Equipment or Facilities

Accrued knowledge and equipment or facilities may necessitate timely placement of work with DOE when another source cannot realistically perform the necessary work without expending significant time and effort to understand previous project work and achieve results that are essential to the successful completion of the current project phase. In these cases, the agency does not have the time or financial resources to permit another source to undertake the current phase of the requirement.

2.7.1.5 Urgent Requirements

Urgent requirements may necessitate immediate initiation of work under a project in order to fulfill the office mission. The basis for the urgency, as determined by the NRC division director or designee, shall be documented and placed in the file as soon as practicable. This requirement shall not delay placing the work, however.

2.7.2 Procedures for Placing Urgent Requirements

The cognizant NRC division director or designee is the agency official who determines whether work is required on an urgent basis. This individual's urgency approval attests that the mission of the office would be impeded if the work did not begin immediately.

When the division director or designee determines that work must be placed on an urgent basis, the NRC will transmit the original of a signed NRC Form 173 to DOE, with a copy to the laboratory. At a minimum, the NRC Form 173 will contain a project SOW, an estimate of the level of effort required, a statement that the project or TO is urgently required, and incremental funding estimated to provide adequate funds for work performance while the proposal process proceeds. Upon receipt of an NRC Form 173 specifying an urgency, DOE, after concurring in the placement of work by signing the NRC Form 173, shall authorize its laboratory to initiate the work.

The laboratory should indicate to DOE that it accepts the work (that is, that it has the resources to perform within schedules and within the amount obligated). Since total project costs will be negotiated after work begins, the estimated amount may not be accurately known.

If the negotiated amount exceeds the budgeted amount, NRC will either amend the SOW or partially or totally terminate the work. There are no assurances to DOE or its laboratory beyond those measures.

As soon as practicable after work initiation, the PM shall generate the required justification and the IGCE, and obtain any authorizations and approvals as required for initiation of a project by this MD. In addition and as soon as practicable after work initiation, the laboratory shall submit an NRC Form 189 for review and negotiation.

See Part 3, Section 3.2, for placing urgent TOs under a project.

2.8 Procedures for Review of DOE Projects With A Value of \$1 Million or More — Chairman Review or Approval

Before proceeding with a project or project modification with a value of \$1 million or more, or a modification that will result in a project with a total value of \$1 million or more, the PM shall consult the DC Web site to determine if the project qualifies for review by the Chairman, approval by the Chairman, and/or review by the Director of DC, the General Counsel (GC), the Chief Financial Officer (CFO), or the Director of OIS. Refer to DC's internal homepage under "Chairman Paper Guidance" (<http://www.internal.nrc.gov/ADM/ChairmanPaperOverview.pdf>) for information on preparing a review or approval package for these projects. The package will always include an SOW and may require an NRC Form 367, "DOE Source Selection Justification," and an IGCE.

The Associate Competition Advocate, prior to submittal, reviews the package—

- To ensure that the facts and rationale presented in the NRC Form 367 meet the criteria defined in this part for placement of work at DOE laboratories.
- To ensure that the project does not unnecessarily duplicate or overlap with other NRC work already proposed, in progress, or completed.

If Chairman review or approval is required, the PM cannot initiate the procurement process until notification to proceed has been received. The guidance on the DC internal home page advises staff with regard to guidelines under the Chairman review/approval process.

2.9 Sources-Sought Announcement

When the justification for use of a DOE laboratory is convincingly made, initiating a sources-sought announcement is not necessary. However, when reasonable doubt remains as to whether a commercial firm could perform the work, a sources-sought announcement should be initiated. This service may be initiated at the request of the Associate Competition Advocate, or independently by the staff of the requesting office. Offices may choose to publish an annual notice for some or all of the planned actions for the upcoming year. DC/ADM will conduct sources-sought inquiries upon request.

2.10 Information Technology (IT) Resource Review Process

When work to be placed with DOE involves the acquisition of IT resources, additional documentation, reviews, and approvals may be necessary before issuing a request for a proposal to the laboratory. Contact the NRC Office IT Coordinator to determine documentation review and approval requirements.

Similarly, when the proposal received from the laboratory indicates the need for IT resources that were not anticipated in the SOW, the same additional documentation, reviews, and approvals may be required. Exhibit 8 can also be used to help determine the need for additional documentation, review, and approvals. OIS can provide specific guidance in this area.

2.10.1 Method of Acquiring IT Resources

When it has been determined that IT resources are required for laboratory projects, the PM, in consultation with OIS, shall determine whether it is in the NRC's best interests to have the laboratory acquire the IT resources or whether the IT acquisition can and should be separated from the NRC/DOE project and be provided by NRC.

When it is in the NRC's best interests to supply the IT resources to the laboratory as Government-furnished property, the resources may be available at NRC, obtained through OIS, or acquired from the commercial sector. In the latter instance, NRC Form 400, "Request for Procurement Action (RFPA)," will be developed and sent to DC/ADM to initiate the procurement action.

Circumstances may indicate that it is in the agency's best interests to have the laboratory procure the IT resources, as in the following instances:

- The specifications for the IT resources required by the laboratory are unique.
- The schedule for project work calls for delivery of the IT resource at a certain required time and as part of a series of laboratory-controlled efforts such that procuring the IT resource separately could cause project schedule delays.
- The procurement of IT resources by other than the laboratory is more costly and less efficient.

- Time does not permit a separate purchase of the IT resource.

2.10.2 Required Reviews and Approvals for the Acquisition of IT Resources

2.10.2.1 Office of Information Services (OIS)

OIS reviews and approves the documentation required when IT resources are to be delivered to NRC.

2.10.2.2 Chief Information Officer (CIO)

In addition to OIS review and approval, approval by the CIO may be required for IT resources.

2.11 Organizational Conflict of Interest (OCOI)

OCOI may occur when a laboratory or an operator of a DOE facility has past, present, or planned interests or work that either directly or indirectly relates to the proposed work to be performed under an NRC project. This situation may diminish the laboratory's capacity to give impartial, technically sound assistance and advice.

DOE recognizes that Section 170A of the Atomic Energy Act of 1954, as amended (AEA), requires that NRC be provided with disclosures on potential conflicts when NRC obtains technical, consulting, research and other support services. DOE further recognizes that the assignment of NRC work to DOE laboratories must satisfy NRC's conflicts standards. Accordingly, when NRC enters into an agreement with a DOE laboratory to perform work for NRC, and during the life of the agreement, the laboratory and the operator of the laboratory shall review its current work, planned work, and, where appropriate, past work (generally 5 years) in the same technical area and on the same or similar matter as the NRC project scope of work, for DOE and other organizations (including but not limited to NRC licensees, vendors, industry groups, or research institutes that represent or are substantially composed of nuclear utilities). Should that review reveal current or planned work for DOE or others in the same technical area or on the same or similar matter as the proposed NRC project, the laboratory shall provide the name of the organization, the estimated dollar value, and the period of performance of the work identified, as well as descriptions of such potentially conflicting present, planned, or past work to NRC. NRC shall then determine whether a conflict would result. If a conflict does result, NRC shall determine, after

consultation with the laboratory and DOE, the appropriate action NRC or DOE should take to avoid the conflict or when appropriate under NRC procedures, waive the conflict.

In its proposal to NRC, the laboratory shall provide the information described above. The requirement for disclosure of information describing the work, the dollar amount, and the period of performance of the work extends to any subcontractor the laboratory intends to use.

2.11.1 Criteria for Recognizing OCOIs at the DOE National Laboratories

In general, the PM must ask the following question in determining whether the potential for OCOI exists in conjunction with an NRC project placed at a DOE laboratory: Are there conflicting roles that might bias a laboratory's judgment in relation to its work for NRC?

NRC's ultimate determination that a OCOI exists will be made with common sense and good business judgment and will be based upon the relevant facts. Although it is difficult to identify and prescribe in advance a specific method for avoiding all of the various situations or relationships that involve potential OCOI, NRC staff must pay particular attention to NRC/DOE projects that call for the rendering of advice, consultation, evaluation, or similar activities that lay the groundwork for NRC decisions on regulatory activities.

The laboratory or the operator of the laboratory shall disclose information that may give rise to OCOI under the following circumstances. The information may include the scope of work or specification for the requirement being performed, the period of performance, and the name and telephone number for a point of contact at the organization knowledgeable about the work.

- Where the laboratory or the operator of the laboratory provides advice and recommendations to NRC in the same technical area where it is also providing consulting assistance to any organization regulated by NRC.
- Where the laboratory or the operator of the laboratory provides advice to NRC on the same or similar matter on which it is also providing assistance to any organization regulated by NRC.

- Where the laboratory or the operator of the laboratory evaluates its own products or services, or has been substantially involved in the development or marketing of the products or services of another entity.
- Where the award of a project would result in placing the laboratory or the operator of the laboratory in a conflicting role in which its judgment may be biased in relation to its work for NRC, or would result in an unfair competitive advantage for the laboratory or the operator of the laboratory.
- Where the laboratory or the operator of the laboratory solicits or performs work at an applicant or licensee site while performing work in the same technical area for NRC at the same site.

Following are examples of situations or relationships that may give rise to OCOI:

- NRC asks Laboratory A to review certain aspects of an accident analysis code for nuclear power plants. Laboratory A previously developed the code.
- NRC asks Laboratory B to assist in maintenance inspections at 10 nuclear power plant sites. Laboratory B is developing a comprehensive maintenance program for the nuclear utility industry at the request of the Electric Power Research Institute.
- NRC asks Laboratory C to review the instrumentation and control systems of an advanced reactor design. DOE has applied to NRC for design approval of the same advanced reactor.
- NRC asks Laboratory D to analyze the potential consequences of sodium fires in liquid metal fast breeder reactors (LMFBRs) as part of an advanced reactor design review. DOE is currently funding work performed at Laboratory D that supports design enhancements that would mitigate the potential for sodium fires in commercial LMFBRs.

2.11.2 Procedures for Addressing Potential OCOI Situations When Identified at the DOE Laboratories

NRC PMs and other involved staff must attempt to elicit all available information that may identify a potential OCOI situation before and after placing work with DOE. The PM should review information provided in the laboratory's proposal regarding all ongoing,

proposed, or past work in the same technical area and on the same or similar matter as the NRC scope of work. The requirement to obtain information describing the work, the estimated dollar amount, and the purpose of applicable work extends to any subcontractor the laboratory intends to use.

In addition to information contained in the proposal (NRC Form 189, "DOE Laboratory Project and Cost Proposal for NRC Work," Exhibit 3), a PM can be alerted to a potential OCOI by a variety of sources. These include the laboratory's principal investigator, the DOE contracting officer, NRC staff working in the same technical area or on the same design, information on a laboratory's ongoing projects compiled by the cognizant DOE Site Office or the DOE Field Office, and the laboratory's Web page. Also, information conveyed at symposiums and professional society meetings, as well as the review of trade journals, may alert a PM to a potential OCOI related to his or her laboratory work.

When a PM becomes aware of a situation that poses the potential for a OCOI, after discussion with his or her management, he or she must notify the Director of DC/ADM. The Director of DC/ADM will arrange a meeting or a series of meetings with all necessary parties to decide if the issue represents a real OCOI and, if so, what steps need to be taken to eliminate or mitigate the OCOI. Generally, representatives from DC/ADM, the involved program office, NRC's Office of the General Counsel (OGC), the cognizant DOE Site Office or the DOE Field Office, and the project's principals from the laboratory will participate in the decisionmaking process. NRC makes the final decision on OCOI matters for NRC work placed with the DOE laboratories.

If a violation of NRC's OCOI rule is discovered regarding active work orders, the PM shall notify the Office of the inspector General.

Actions that can be taken to mitigate or eliminate an OCOI include—

- Requesting the laboratory to transfer the non-NRC work creating the OCOI to another laboratory
- Requesting the laboratory to forgo the work creating the conflict
- Transferring the NRC project, in whole or in part, to another capable source (e.g., a different laboratory or commercial firm)

- Stopping work until the situation is resolved, if the severity of the issue warrants

2.11.3 Procedures for Requesting a Waiver by the Executive Director for Operations (EDO) of Commission Requirements for Avoidance of OCOI

The agency recognizes that there may be instances in which a DOE laboratory or an operator of a DOE facility is the only available source to perform vital work for the agency and the laboratory would have an OCOI in performing the project work. In requesting an EDO waiver to allow a DOE laboratory or an operator of a DOE facility to perform the agency project notwithstanding the existence of an OCOI, the following issues must be addressed.

When an NRC office becomes aware that an OCOI could result from a DOE laboratory or an operator of a DOE facility performing an agency project, and the NRC office wishes to start or continue the project at that laboratory or by that operator of a DOE facility, the cognizant NRC office shall first consult with DC/ADM and OGC to address the following issues:

- The reason(s) why an OCOI would exist if the DOE laboratory or the DOE facility operator performs the work.
- Whether or not project results have the potential to be biased because the laboratory or the DOE facility operator is performing work in the same technical area or on the same or similar matter for the nuclear industry, or because the laboratory or DOE facility operator would be reviewing its own work, such as a system it designed for a licensee.
- The contractual and/or technical review and surveillance methods that can be used to mitigate and neutralize the impact of having a DOE laboratory or the DOE facility operator with an OCOI perform the project; for example, having an independent third party with no OCOI perform a peer review of project results.
- An explanation of why the work is vital to the agency.
- Alternative sources considered to perform the proposed work and why they are deficient or not feasible. If there is any doubt as to the availability of alternative sources, DC, in coordination with appropriate program office staff, will publish a

“sources sought” market research notice to determine if alternative sources exist to perform the project free of OCOI.

After the results of the sources sought are considered, and a conclusion is reached that only the DOE laboratory or a DOE facility operator with an OCOI can perform the vital work for the agency, the cognizant NRC office shall prepare for the signature of the office director a Request for Waiver of Commission Requirements for Avoidance of Organizational Conflict of Interest document for the EDO’s consideration (Exhibit 15).

The request for waiver document shall include the following:

- A “background” section describing the work to be performed
- A “waiver justification” section that includes—
 - An explanation of why the proposed work is vital to the agency
 - An explanation of why only the DOE laboratory or the DOE facility operator whose interests give rise to an OCOI can perform the work
 - Steps to be taken by the agency to mitigate the impact of having the DOE laboratory or the DOE facility operator with an OCOI performing the effort

The Energy Policy Act of 2005 amends Section 170A of the Atomic Energy Act to allow NRC to contract for the specialized experience of a DOE laboratory or facility operator, even though an OCOI may exist and cannot be mitigated. However, the statute requires adequate justification to proceed despite an OCOI. Although adequate justification may be based on many different considerations associated with NRC’s needs, this authority was not intended for extensive use, but is to be limited to “extraordinary circumstances” (per legislative history) when required expertise does not exist elsewhere.

If NRC determines that an OCOI exists that cannot be mitigated, and if an adequate justification exists for proceeding without mitigating the OCOI, the following shall be included in a submittal to the EDO for implementing the Energy Policy Act Amendment authority:

- Findings that establish an OCOI cannot be mitigated

- A description of the extraordinary circumstances justifying use of the DOE laboratory or the DOE facility operator whose performance gives rise to an OCOI

The Director of ADM, OGC, and the appropriate Deputy Executive Director for Operations shall concur in the Request for Waiver of Commission Requirements for Avoidance of Organizational Conflict of Interest document before the EDO reviews and approves or disapproves the request. The EDO shall formally notify the Commission that a waiver will be considered within 5 days. Once the EDO has approved the waiver, the EDO shall notify the Commission informally of the EDO's intent to approve or disapprove a waiver request. Should the EDO approve the requested waiver of an OCOI, the justification and approval documents for the waiver must be placed in the NRC ADAMS, subject to applicable law, regulation, or policy on the disclosure of agency documents to the public. If the EDO disapproves the justification, the project shall not commence. For an ongoing DOE project, the cognizant NRC office shall terminate the project or a portion of the project as expeditiously as possible in accordance with Management Directive 11.7.

The staff shall notify the Chairman formally, through the EDO, with copies to the Commission of an OCOI waiver request, and the circumstances underlying waiver decisions that raise sensitive, highly visible, or agencywide implications for DOE laboratory agreements previously approved or reviewed by the Chairman, or that lead to termination of an agreement previously approved or reviewed by the Chairman.

2.12 Waste Characterization, Packaging, and Disposal

For projects that will generate chemical or radiological waste, the SOW shall describe those aspects of the project that will result in the generation of waste and the laboratory's responsibility for the characterization, packaging, and disposal of the waste. NRC's financial responsibilities for these activities also should be described.

Categories of waste streams, materials, components, and facilities that may require characterization, packaging, and disposal include those such as activated metals, contaminated materials, ion-exchange resins, and other low-level waste streams. Characterization of the waste streams should be designed to collect data that will fulfill the requirements of the disposal facility (e.g., the data should demonstrate that the waste meets the acceptance criteria of the disposal facility) and the Uniform Manifest requirements of 10 CFR Part 20, Appendix G, when that form is needed. The laboratory

proposal shall include a copy of the disposal site manifest requirements that explicitly provide the information required with the shipment.

Chemical waste is any waste that includes chemicals (e.g., Ni, Fe, EDTA) that are not classified as radioactive waste and requires special handling for its disposal. The chemical waste also may need to be characterized to meet the requirements of the waste disposal facility. Mixed waste (waste containing both Resource Conservation and Recovery Act Subtitle C hazardous waste and low-level radioactive waste) shall not be generated without prior express written approval of NRC. The laboratory contractor shall institute measures to minimize the amount of waste generated. If mixed waste streams are accepted by a DOE contractor for analysis, an agreement for dispositioning of the samples (e.g., returning to the place of origin) should be established before the sample is accepted for analysis.

DOE is responsible for the costs of decommissioning a DOE facility. When a facility, or part of a facility, is dedicated exclusively to an NRC project and the residual radioactivity to be removed during decommissioning can be solely attributed to the NRC project, NRC is responsible for these costs. When an NRC project is conducted within an existing DOE facility, NRC is responsible for costs associated with the removal of project materials and waste, including specialized tooling and equipment, dedicated to that project. These costs shall be explicitly identified and addressed by DOE in accordance with the provisions cited in this section.

The laboratory proposal shall provide a full description of specific activities necessary for the NRC project, including waste characterization, packaging, and disposal activities and the associated costs for conducting these activities for which NRC is responsible.

Guidance to determine responsibility for payment of the costs of characterization, packaging, and waste disposal follows:

- NRC, generally as project designer, is responsible for the costs of characterization, packaging, and disposal of waste when the waste is generated as an essential part of the project.
- NRC is not responsible for the costs of waste volume generated beyond what can reasonably be expected in the performance of the project because of the laboratory's noncompliance with DOE laboratory policies or other good laboratory practices.

When NRC is responsible for payment of the costs associated with characterization, packaging, and disposal of waste, the cognizant PM shall—

- Ensure that the project SOW contains a task for the characterization, packaging, and disposal of waste generated under the project
- Include, as part of the IGCE, costs for waste characterization, packaging, and disposal
- Evaluate the laboratory proposal to ascertain whether costs proposed for the waste characterization, packaging, and disposal are reasonable
- Negotiate a reasonable amount for such costs and document the basis for such agreement in the Summary of Negotiations document
- Review MLSRs submitted by the laboratory to ensure that expended costs for the waste characterization, packaging, and disposal are reasonable and are in accordance with the project spending plan

Assistance for projects involved with waste characterization, packaging, and disposal can be provided by the Office of Nuclear Material Safety and Safeguards, Division of Waste Management.

Part 3 Placement of Work With DOE — Preaward

3.1 Request for Proposal From DOE for New or Continuing Basic Agreements

Offices shall prepare a letter to request a proposal from DOE for the office director's or designee's signature. The letter shall contain the statement of work (SOW), proposal preparation instructions, reporting requirements, a request for organizational conflict of interest disclosure, key personnel résumés, proposed travel information, subcontracting efforts, specialized equipment needed, and IT resources required. The letter shall also indicate the due date for proposal submission and the mailing address, including the name, address, and NRC mail stop of the person who will receive the proposal. An optional format for preparing this letter is provided at Exhibit 2.

3.2 Request for Proposal for Task Order Agreements

3.2.1 Procedures

3.2.1.1 The Basic Task Order Agreement

The same procedures for placement of a project apply to the basic task order (TO) agreement. A written independent Government cost estimate (IGCE) and a "DOE Source Selection Justification" (NRC Form 367) are developed. An estimate of the overall level of effort (staff hours) and the labor type(s) required should be furnished to the laboratory in the request for proposal (RFP). The technical requirements in the SOW and the estimated level of effort for the basic TO agreement are based on what is known at the time the proposal is requested and broadly describe the work that may be required. Proposals to establish a basic TO agreement shall be in the format of NRC Form 189, "DOE Laboratory Project and Cost Proposal for NRC Work" (Exhibit 3). Funding for TOs is provided on NRC Form 173.

3.2.1.2 Individual Task Orders

Once the basic TO agreement is in place, the individual TOs may be issued. A TO SOW is developed and should include a complete description of the work required, the estimated level of effort, the reporting requirements, the TO period of performance,

travel and meetings, the delivery schedule, and any special requirement that may pertain to the TO. In addition, each TO expected to have an estimated cost in excess of \$100,000 requires a written IGCE. An NRC Form 367 is not required for each TO since the work has already been justified under the basic agreement. No further justification is needed, provided that the work is within the scope of the basic agreement.

An RFP is then sent directly to the cognizant DOE Site Office or the DOE Field Office, and a copy of it is sent to the DOE laboratory. The RFP will specify the requirements for a proposal that addresses both the technical and cost aspects of the TO.

The proposal may be submitted by the laboratory in either letter or NRC Form 189 format. If the DOE Site Office or the DOE Field Office so directs, the laboratory shall send a copy of the TO proposal to the cognizant DOE Site Office or the DOE Field Office. As a minimum, the DOE laboratory proposal shall provide the technical and cost information shown in Exhibits 2 and 3. Further, a spending plan is required for individual TOs that exceed 6 months.

The NRC Project Manager (PM) will evaluate the TO proposal; negotiate terms, conditions, and costs; and document negotiation results as discussed in Part 5 of this handbook. Following discussions, the NRC office will issue an NRC Form 173 with funding and document any negotiated changes to the SOW, state a dollar ceiling amount, and list key personnel for the work. The laboratory shall confirm acceptance of the TO in writing or by e-mail. If the DOE Site Office or the DOE Field Office so directs, the laboratory shall send a copy of the negotiated TO SOW to the cognizant DOE Site Office or the DOE Field Office.

A Voucher/Expenditure Log or other record shall be maintained for tracking TO funds (see Exhibit 9).

3.2.1.3 Urgent Task Order Actions

In the case of an individual urgent TO, NRC will issue an NRC Form 173 that certifies funds availability and contains the TO SOW, applicable special provisions, and establishes a ceiling limitation. This NRC Form 173 will specify that the TO is urgent. The original NRC Form 173 is sent directly to DOE, and a copy of it is sent to the DOE laboratory. DOE shall expedite the execution of NRC Form 173 and the authorization to the laboratory to begin work.

Upon receipt of DOE authorization, the DOE laboratory shall immediately begin work. As soon as practicable, the DOE laboratory shall submit a proposal to NRC. However, the technical work on an urgent TO should not be delayed by the proposal process. Following receipt of the proposal, the PM will proceed with negotiation of the TO. Once agreement is reached, a definitive TO will be issued. The NRC project file shall contain documentation of the reason(s) and appropriate approval for the urgent action.

Part 4

Proposal Preparation and Submittal

4.1 Required Proposal Format — NRC Form 189 and Proposal Content Instructions

As discussed in Part 3, NRC will send the request for proposal (RFP) to the cognizant DOE Site Office or the DOE Field Office and a copy of the RFP to the DOE laboratory. In response to the NRC RFP for projects with defined tasks and basic task order (TO) agreements, the DOE laboratory shall prepare a written technical and cost proposal and submit the proposal package to the DOE Site Office or the DOE Field Office for approval. The DOE Site Office or the DOE Field Office or, if designated, the laboratory shall forward the approved proposal to NRC within 30 calendar days of laboratory receipt of the RFP. This time may be decreased or increased for an individual project as circumstances dictate and as determined necessary by NRC and DOE.

The proposal shall be prepared in accordance with NRC Form 189, "DOE Laboratory Project and Cost Proposal for NRC Work," Parts 1-4 (Exhibit 3). The format and content of NRC Form 189 and its backup documentation have been standardized. The information requested in the NRC Form 189, Parts 1-4, represents the minimum information considered necessary by NRC.

4.1.1 Proposal Narrative Content

The laboratory proposal shall include a discussion of proposed personnel, travel, subcontracting or consultant effort, special equipment required, if appropriate, information technology (IT) resources needed, and organizational conflict-of-interest (OCOI) information. In its proposal to NRC, the laboratory shall provide information regarding all ongoing or proposed work in the same technical areas as the project statement of work (SOW) so that NRC can determine whether an actual OCOI or a potential for OCOI exists if NRC places the work with the laboratory through DOE. Information describing the work, the dollar amount, and the purpose of the work extends to any subcontractor the laboratory intends to use. Résumés shall be included for all key personnel identified in the proposal, including subcontractor and consultant staff. Subcontractor information shall include specific work to be performed, the estimated level of effort, proposed labor categories, and associated labor rates. If subcontractor

information is not available at the time of proposal submission because the competitive subcontract award process is not completed, the laboratory should provide the information to NRC as soon as possible.

The proposal shall respond to the NRC's SOW and provide the laboratory's approach and best estimate for accomplishing the work. It shall communicate the specific approach proposed by the DOE laboratory, together with an indication of potential problem areas and proposed actions to be taken to resolve them. The proposal shall discuss any interpretations or assumptions regarding the NRC's SOW requirements.

4.1.1.1 Alternate Actions and/or Approaches

Tasks, including additional meetings and/or travel, that were not identified in the NRC SOW may be proposed by the DOE laboratory in addition to responding to the NRC SOW. However, a clear explanation of how the additional efforts benefit the objectives of the SOW, together with associated costs, shall be provided in the narrative portion of the proposal.

4.1.1.2 NRC Schedule and Due Dates

The proposal shall address the NRC's SOW schedule for the work. If the DOE laboratory is unable to comply with NRC's schedule, the laboratory shall provide the reason(s) and proposed alternatives, if any. The office may then decide whether any accommodation in rescheduling the date(s) is appropriate or whether to place the effort elsewhere.

4.2 Cost Information

4.2.1 Cost Information Format

The cost information on NRC Form 189 is required for projects and for establishing a TO agreement. A similar level of detail is required for an individual TO; however, a separate NRC Form 189 may not be required. This level of information will enable the office to compare the proposed costs with NRC's estimate for performance and prepare for discussions and/or negotiations.

4.2.2 Spending Plan

The proposal shall include a spending plan that projects the level of cost expenditure under a project, or an individual TO placed under a TO agreement, as shown on Part 3 of NRC Form 189. The spending plan and its updates in the monthly letter status report (MLSR) will enable the NRC office to track costs and technical progress against the projected spending and percentage of completion for the project or the TO. This process, in turn, will reveal potential contractor funding or performance problems in sufficient time to implement needed corrections.

The spending plan is required for all DOE laboratory projects and individual TOs that exceed 6 months in duration. A spending plan is not required for the basic TO agreement. Updated spending plan cost information shall be submitted in the MLSR when incurred costs (cumulative to date) vary by 20 percent or more from planned spending (cumulative to date).

When circumstances indicate that planned spending needs to be adjusted and the adjustment will not result in exceeding total project estimated costs, prior approval of the spending plan update is not required. NRC expects that this will normally be the case.

However, when circumstances indicate that planned spending would exceed the total approved cost estimate for the project, the laboratory shall request in writing approval to submit an updated spending plan. After NRC approves it in writing, the spending plan update will be included in a revised NRC Form 189 and in each succeeding MLSR until another variance is encountered.

4.2.3 Standardized Justification To Be Included With Proposal (NRC Form 189) for IT Resources To Be Purchased by DOE Laboratories To Perform NRC Work

When IT resources are proposed for the project described in the SOW, DOE laboratories shall justify the need for and cost of those resources. Proposed IT resources should be those required to accomplish the work but that are not available from within the laboratory's inventory of IT resources. Common office automation equipment and software, that is, personal computers, word processing and spreadsheet software, and printers, should not routinely be proposed as they should usually be provided as part of the laboratory's information processing infrastructure. Whenever IT

resources are proposed, justification is necessary for NRC to be able to evaluate the requirements and to approve their acquisition.

In addition to the cost of IT resources to be reported on the NRC Form 189, the following justification is to be included in the proposal:

- **IT Resource Requirements.** List as line items each IT resource (hardware, such as laptop computer, engineering workstation; software—by product name; and services, such as computer time, database services) proposed for acquisition and estimate the cost of each item by fiscal year. Funding should be indicated for the year in which the IT resource is needed. Provide totals for all items for each fiscal year that match the costs listed under “IT RESOURCES” on the NRC Form 189.

- **Justification.** For each required IT resource with an acquisition cost of \$500 or more, or group of resources, for example, a system, provide specifications or the specific make and/or model. Briefly discuss how the IT resources will be used, including information about workload to be processed, required capacities, throughput, transfer rates, compatibility and expendability requirements, or any other information that supports the need to acquire the specific resources being proposed.

Part 5

Proposal Evaluation and Discussion

5.1 Evaluation of Laboratory Proposal

5.1.1 Comparison of Proposed Cost With the Independent Government Cost Estimate (IGCE)

The NRC office shall evaluate the DOE laboratory proposal. If an IGCE was developed, it should be reviewed and compared with the NRC's proposed statement of work (SOW).

Comparisons between the IGCE, the SOW, and the DOE laboratory proposal should then be made and differences noted. For example, given the technical approach proposed by the laboratory, perhaps the skill mix (levels of expertise and experience) and level of effort proposed is different from the office's assumptions in preparing the IGCE. These differences and underlying assumptions should be analyzed. From this analysis, questions of a technical and cost nature may be formulated that can be addressed to the laboratory during discussions and negotiations.

The objective is to obtain a "meeting of the minds" between the office and the laboratory and settle on an appropriate technical approach, level of effort, and skill mix.

5.1.2 Proposal Evaluation — Past Performance

The NRC Project Manager (PM) shall perform a proposal evaluation and ensure that the results are documented and contained in the office project file. NRC Form 558, "Summary of Proposal Evaluation," is provided for use by offices and includes a series of technical and cost questions designed to facilitate a thorough review of the DOE laboratory proposal to prepare for discussions. The questions focus on the proposed technical approach, skill mix, understanding of the project objectives, as well as specific elements of cost, including direct labor, travel, consultants, materials, services, subcontract costs, equipment, and other direct costs.

Past performance of the laboratory shall be considered before award of an order. In addition to considering the office's experience with the laboratory and changes in

laboratory contractor management, the PM shall also check the past performance data available regarding the proposed laboratory's performance. This information may be found in the agencywide past performance database located on the DC homepage of the NRC internal Web site. This database contains online evaluations of laboratories' performance that are prepared annually for multiyear projects and at the time the work under the project is completed. A note shall be placed in the file to verify that past performance has been checked.

From this proposal evaluation, the office should develop specific technical and cost questions that can be addressed to the DOE laboratory during negotiations and discussions.

The DOE laboratory's response to the questions will convey the degree of understanding the DOE laboratory has of the project scope, how reasonable the DOE laboratory's technical approach and staffing requirements are, and how reasonable the DOE laboratory's overall project cost is, given its technical approach.

5.2 Negotiations and Discussions

The objective of negotiation discussions is to ensure that the PM and DOE laboratory personnel reach a "meeting of the minds" regarding, at a minimum, technical approach, proposed personnel skill mix, and technical and cost issues raised. Cost negotiations include level of effort, travel costs, equipment, and other costs. Cost negotiations do not include direct labor rates and indirect rates, which are the responsibility of DOE.

After negotiations, when there are no, or only minor, issues or differences raised, such as clarification of a résumé or a report format, or travel assumptions, it is not necessary to request a revised proposal. However, if costs are affected, a revised proposal is required.

When more substantive negotiation discussions are held reflecting other than minor differences in level of effort, skill mix, or other direct costs (e.g., equipment, information technology resources), the NRC office shall request, in writing, that the DOE laboratory prepare a revised proposal for the DOE Site Office's or DOE Field Office's approval to reflect agreements reached during discussions (see Exhibit 10). The DOE Site Office or the DOE Field Office or, if designated, the laboratory shall forward the revised proposal to NRC within 30 calendar days of request.

5.3 Summary of Negotiations

The PM shall complete a summary of negotiations that contains the salient aspects of the discussions held.

The summary of negotiations may be completed either as NRC Form 555 or as a memorandum to file. The information contained in the summary of negotiations should provide as much detail as the office considers appropriate to support the actions taken, given the project's degree of complexity.

Part 6 Work Authorization and Initiation

6.1 Authorization of Work — Standard Terms and Conditions

Following evaluation of the proposal and subsequent discussions, initiation of work shall be authorized by issuance of an NRC Form 173, “Standard Order for DOE Work (SOEW)” (see the online forms icon or Exhibit 17). The standard terms and conditions governing the work order may be found in Part 11. The terms and conditions are incorporated by reference on the NRC Form 173. A sample transmittal letter to attach to the NRC Form 173 appears as Exhibit 11. The letter should be addressed to the appropriate DOE Site Office or the DOE Field Office manager. DOE shall forward signed NRC Form 173s directly to the NRC Division of Financial Services, Office of the Chief Financial Officer (DFS/OCFO), and provide a copy to the relevant office.

NRC offices must not authorize funds to be transferred between job codes after the end of the fiscal year without the prior approval of the Director of the Division of Planning, Budget, and Analysis, OCFO. (See NRC Management Directives 4.1 and 4.2.)

The Project Manager shall ensure that the statement of work and NRC Form 173 for the initial award and all modifications are placed in the Agencywide Documents Access and Management System (ADAMS) in accordance with office procedures.

Part 7

Monitoring NRC/DOE Laboratory Projects

Section 1.3.2 of Part 1 provides an overview of the specific activities of project management during the performance phase. This part provides more detail regarding certain aspects of project monitoring.

7.1 Project Monitoring

Once the NRC office director or designee and the DOE Contracting Officer (CO) have signed the NRC Form 173, project work can be initiated and funds can be expended. Project monitoring is designed to ensure that a project is performed in accordance with the requirements of the statement of work (SOW) and the technical approach stated in the approved NRC Form 189 as negotiated. Further, project monitoring shall ensure that work remains on schedule and within the agreed-upon cost provided in the NRC Form 173. To carry out this function, the NRC office monitors the work as it proceeds and conducts reviews of the contractor's actions in compliance with project requirements. For NRC/DOE laboratory projects, a primary tool for monitoring is the monthly letter status report (MLSR).

Effective project monitoring results from—

- Tracking the cost against technical progress through a detailed review and analysis of the DOE laboratory spending plan
- Reviewing the MLSRs
- Recognizing and resolving potential performance problems
- Communicating frequently with DOE laboratory project personnel
- Conducting meetings with DOE laboratory technical staff on project progress in order to be active in providing technical oversight

- Documenting substantive conversations with the laboratory, as well as actions taken to keep the project on schedule, within cost limitations, and in conformance with the SOW

The PM should assess if the Chairman/Commission should be notified of actions requiring review or approval or of any significant changes in accordance with the office director's delegation of authority.

7.2 NRC-Furnished Documents and Materials

If the SOW included documents and/or materials or equipment that NRC will furnish, the Project Manager (PM) should ensure that these items are provided to the performing organization in a timely manner.

The PM should make every effort to see that these items are provided on or before the date specified in the SOW. Failure to provide these items in a timely manner may impact the performing organization's ability to proceed with the work. If this happens, the PM should review the amount of NRC-caused time delay and modify the performance period of the agreement accordingly. Remember that this does not necessarily mean a one-for-one time extension. A 1-week delay in receipt of some items might equate to more than a week needed by the performing organization to compensate. The PM should contact the laboratory and discuss any necessary time changes.

7.3 Review and Analysis of the MLSR

The MLSR should provide adequate information for the NRC office to fully understand the technical progress of the project and identify any potential problems that may impede progress or lead to undesirable results.

The MLSR should also provide detailed cost information for the project. This information should show hours expended by labor category, direct labor cost, material and service costs, travel, equipment costs, subcontractor costs, other direct costs, overhead, and general and administrative expenses (indirect costs). This information is needed by the NRC PMs and should continue. However, laboratories do not need to amend existing accounting systems in order to provide this information.

The MLSR should also provide a total cost for each task.

An updated spending plan shall be submitted with the MLSR when incurred costs (cumulative to date) vary by 20 percent or more from planned spending (cumulative to

date). By reviewing the MLSR costs incurred against the laboratory spending plan, the office can determine if the rate of spending is on target each month or is deviating from expected costs.

In reviewing MLSRs, the PM should—

- Review—
 - Labor hours and the following elements of cost: direct costs, including the direct labor, travel, equipment; subcontracting costs, materials, and services; and indirect costs
 - Technical performance
 - Staffing levels by category
 - Changes in laboratory project personnel
 - Project schedules
 - Acceptance of deliverables
 - SOW problems
 - Any reportable items identified in the agreement
- Discuss all inconsistencies and problems with the DOE laboratory.
- Determine the impact of problems such as—
 - Increased costs
 - Revised schedules
 - Failures in attaining technical objectives
- Determine if the impact of problems is acceptable to NRC.

- Ensure that delays on projects are minimized. When the laboratory indicates either verbally or by a written notification such as in the MLSR that the project is experiencing a delay, the NRC office shall take prompt action to resolve all issues or, if appropriate, take action to terminate the project if the DOE laboratory has not made necessary efforts to resolve the issue(s) causing the delay.
- Ensure that any required agency action is taken expeditiously so as not to impede the laboratory's progress.
- Determine if the impact of problems and/or any proposed solutions will require the agreement to be modified.
- Document the office project file as to the nature and resolution of issues and problems.

Performing the review described will enable the office to respond to questions posed on NRC Form 552, "MLSR Review (MLSRR)." PMs should respond to each question. Problems encountered with laboratory performance on costs reported and subsequent resolution shall be documented and placed in the file.

7.4 Modifications to Projects

Modifications range from administrative in nature, such as incremental funding actions, change in key personnel, no cost extension of project, for example, to the more complex technical changes or actions, such as amending the SOW to add additional work and to terminate some or all of the work.

Modifications involving the simpler administrative actions may be accomplished without requesting a proposal since project cost is not affected. NRC Form 173, signed by NRC and DOE, effects the change.

Modifications that affect project costs, on the other hand, require a laboratory proposal. For example, if an additional task is added to the SOW, the laboratory must prepare a proposal for DOE approval. The PM shall evaluate the proposal and negotiate the costs. If only minor differences unrelated to cost were discussed during negotiations, a revised proposal is not required. However, if any issues were discussed and resolved during discussions that affected project costs, the PM shall request a revised proposal from DOE. An NRC Form 173, signed by NRC and DOE, effects the change.

For urgent modifications, see the process described under Part 2, Section 2.5.1, of this handbook.

7.5 Monitoring Laboratory Performance — Past Performance

The PM must monitor the laboratory's performance closely to ensure that the work is satisfactorily performed in a timely manner. Communication with the laboratory is important to this success.

An evaluation of laboratory performance shall be prepared for all active projects. Such evaluations, normally, must be prepared by the PM annually for multiyear projects and at the time the work under the project is completed. The past performance questionnaire may be accessed and completed at the agencywide past performance database located on the NRC homepage.

7.6 Voucher Review Process

DOE shall ensure that MLSRs are sent to the PM in a timely manner to enable the PM to compare MLSR costs against the amount vouchered. MLSRs are due on the 20th of the month following the month being reported and are timely if they are received on or about the 20th. NRC may chargeback vouchered costs to DOE if MLSRs are not received in time for the PM to perform a timely review of the voucher.

DOE shall ensure that a consolidated bill is prepared each month for each job code. In most instances, the amount billed should closely approximate or equal the cost reported in the MLSR. In those cases, when the MLSR costs differ from the amount billed, DOE shall provide an explanation of the difference on the voucher.

PMs shall compare the monthly voucher amount with the costs reported in the MLSR.

In reviewing the voucher, the PM determines whether the changes are within the scope of the SOW, accurately reflect work performed, and are supported by deliverables, status reports, or other applicable documents that have been received.

When reported costs, including their individual elements, are considered reasonable for the technical progress made and when voucher costs match, closely approximate, or are less than the MLSR costs, the PM shall indicate approval by checking the approval block on the "Approval for Interagency Billing—DOE" (Exhibit 12). The PM

shall sign and return the form appropriately annotated and certified in accordance with the NRC office's procedures to the NRC Division of Financial Services (DFS), Office of the Chief Financial Officer (OCFO), within 20 calendar days from the date on the forwarding memorandum from OCFO that transmits the voucher and backup material to the PM.

Amounts billed that are lower than the MLSR may either be a partial billing or reflect a credit. In the case of a partial billing, the PM shall check to see that the difference is billed within the next month's voucher. Further, the PM shall ensure that the amount(s) credited is (are) accurate. Amounts billed that are different from the MLSR and are due to mathematical errors shall be brought to the attention of the laboratory. The laboratory shall correct all mathematical errors in the following MLSR, and DOE or, if authorized, the laboratory shall either credit or bill the difference in the next monthly bill. The PM shall annotate the approval form and ensure that DOE follows through with this procedure.

The vouchers should be filed accompanied by a Voucher/Expenditure Log or other record in which the PM may keep a running tally of obligations and expenditures to ensure that the total amount approved for payment to DOE does not exceed the obligated amount for a project. Each task order (TO) requires a separate Voucher/Expenditure Log or other record. A sample of a Voucher/Expenditure Log is provided as Exhibit 9.

The PM shall not approve costs—

- Involving a discrepancy, other than mathematical, found between the voucher and the work performed and costs reported in the corresponding period's MLSR.
- When the reasonableness of costs cannot be confirmed by additional documentation provided by DOE with the voucher.
- When costs and work reported for the payment period do not appear to be within the parameters of the SOW.

The PM must resolve any discrepancies, if possible, by contacting the DOE PM and/or the laboratory and obtaining additional documentation that clarifies or supports the billed costs. When more time is needed to resolve the billing discrepancies, the PM shall request a time extension from DFS/OCFO in accordance with office procedures and shall annotate the project file stating the reason for the delay.

When the PM cannot resolve the differences between the vouchered amount and the MLSR within a reasonable amount of time, the PM shall indicate the disapproved amount, check one of the disapproval blocks, provide an explanation to support the disapproval, provide the laboratory contact name and telephone number, sign the form and return it to DFS/OCFO in accordance with office procedures. The PM shall also inform the laboratory contact that a chargeback will be processed by NRC to recoup the disputed payment and annotate the file that this step has been completed.

Upon receipt of an approval form on which the PM has disapproved all or part of the amounts billed, DFS/OCFO will contact the DOE Site Office or the DOE Field Office/laboratory involved to further resolve the difference. If the difference can be fully or partially resolved, DFS/OCFO will provide the information in writing to the PM and request his or her written approval of the billed costs, following standard office procedures. If the disputed costs cannot be resolved in part or in total, DFS/OCFO will chargeback the disputed amount to the appropriate DOE Site Office or the DOE Field Office, provide a copy of the chargeback to the PM, and enter the credit into the NRC financial accounting system. The DOE Site Office or the DOE Field Office shall notify the laboratory when the chargeback is received. The laboratory shall include the chargeback amount in the next MLSR. Upon receipt of an "Approval for Interagency Billing—DOE" (Exhibit 12) with a chargeback amount listed, the PM shall verify that the amount is properly credited in the MLSR.

The laboratory principal investigator shall reflect any chargeback (including disputed costs) in the MLSR. Before rebilling any disputed costs, the laboratory shall provide written justification to the PM.

7.7 Foreign Travel

Foreign travel for the performing DOE laboratory personnel requires the same 45-day lead time for NRC approval as does NRC staff foreign travel. The laboratory shall submit an NRC Form 445 for prior approval of foreign travel. Foreign travel is approved by the Executive Director for Operations.

7.8 Purchase of Additional NRC-Funded Software or Property

Laboratories shall submit a written request to the NRC PM for approval to develop additional NRC-funded software or to purchase additional property with an estimated acquisition cost of \$500 or more after work initiation. The PM shall approve or disapprove the acquisition or development of any additional items in writing.

Part 8 Work Termination and Closeout

8.1 Remedies for Failure To Make Satisfactory Progress on Projects

Circumstances may arise that adversely affect the DOE laboratory's progress on a project. For example, technological advances or external events may diminish the value of a project's goals. Perhaps data gathered under a project indicate that continuing pursuit of the statement of work (SOW) objectives is not worth the agency's investment, or the DOE laboratory's efforts on a task has not produced the desired result, or perhaps the DOE laboratory staff dedicated to the project is not making satisfactory progress.

When instances of this nature occur, the NRC office shall take decisive action to either satisfactorily resolve the problem(s) or terminate the project in part or in its entirety. The office is encouraged to consult with the Division of Contracts, Office of Administration (DC/ADM), the Office of the General Counsel, the DOE Site Office or the DOE Field Office, and the DOE laboratory, as appropriate, to assess the estimated impact of stopping or terminating the work.

8.2 Use of a Stop-Work Order

During the course of a project/individual task order, it may become necessary to stop the technical work to resolve a problem or determine a course of action, while limiting further expenditure of NRC funds and resources. Reasons for stop-work orders include, but are not limited to, a change in technical needs or focus on the part of NRC or the lack of progress by the laboratory.

A stop-work order may be in effect up to 90 days to resolve the issues involved. The period of the stop-work order may be extended when justified. However, stop-work orders for periods in excess of 90 days must be coordinated with the DOE Site Office or the DOE Field Office.

The NRC office director or designee is the agency official who determines whether there is a need to issue a stop-work order.

A stop-work order is issued using NRC Form 173, "Standard Order for DOE Work (SOEW)," to the DOE Site Office or the DOE Field Office, with a copy to the laboratory.

8.3 Cancellation of a Stop-Work Order

When the issues are resolved and the project is to be continued, the division director or designee shall cancel the stop-work order by issuing an NRC Form 173 to the DOE Site Office or the DOE Field Office and sending a copy to the laboratory. This NRC Form 173 shall document any agreements made with the laboratory during the course of the stop-work order, or in the case of a necessary scope change, provide the detailed changes to the SOW, and the associated level of effort, and request a proposal for the proposed changes.

In cases in which the stop-work order was issued for a reason that does not affect the SOW, the NRC Form 173 reinitiating work will request that the laboratory immediately notify NRC of any cost impact due to the stop-work order.

8.4 Termination of the Agreement

If the NRC office director or designee decides to terminate a portion or the entire work order, the provisions of the "Termination" clause contained in Part 11 of this handbook must be followed.

The office director shall inform the Chairman, through the EDO, with a copy to the Commission, 5 working days in advance, of any impending termination of any project, previously approved by the Chairman.

The cognizant office director or designee shall send an NRC Form 173 terminating the project to the appropriate DOE Site Office or the DOE Field Office for review and execution. If a dispute arises between the parties concerning the termination action, the cognizant office director or designee shall resolve the matter.

After both NRC and DOE agree to terminate the agreement, the office shall request that the DOE laboratory, through the cognizant DOE Site Office or the DOE Field Office, develop and submit a termination settlement proposal. The office shall ensure that costs are evaluated to determine if they are allowable up to the effective date of termination.

The office shall coordinate the termination agreement with DOE. Costs should be negotiated within 30 days of the date of receipt of the termination settlement proposal.

After final costs are negotiated and reflected in a revised NRC Form 173, for a termination of the entire project, the office shall begin the closeout process discussed in Section 8.5 of this part, "Closing Out the Project," and shall send a copy of the NRC Form 173 to the Division of Financial Services, Office of the Chief Financial Officer.

8.5 Closing Out the Project

Section 1.3.3 of Part 1 provides an overview of specific activities of project management during work completion and closeout of projects.

The Project Manager (PM) shall ensure that interim and final reports are placed into the Agencywide Documents Access and Management System (ADAMS) in accordance with office procedures.

Projects should be examined for the potential for closeout and deobligation of excess funds whenever no billing has occurred for 6 months or more. Projects with no billing for 12 months should be closed unless a compelling reason exists to keep the project active.

Upon expiration or termination of the laboratory project, the NRC office shall begin action to close out the project. The closeout process begins by certifying the evaluation of DOE laboratory performance of all work requirements by using NRC Form 559, "NRC/DOE Project Closeout." This certification should be made within 30 days after receipt of the final invoice.

Offices should promptly identify completed DOE projects with unexpended obligations that are no longer required. Offices shall deobligate unexpended funds by issuing a signed NRC Form 173 to the appropriate DOE Site Office or the DOE Field Office for acceptance. Upon signature of the appropriate DOE official, the NRC Form 173 represents a deobligation of funds and is recorded in the NRC accounting system. This deobligation process will generally be completed within 90 days of the expiration of the agreement or completion of the work.

DOE projects requiring a final audit of a commercial subcontractor should not be closed out until the final audit is completed. Within 90 days of project completion, DOE shall

notify NRC of the amount considered necessary for retention on the project pending final subcontractor audit. NRC shall promptly deobligate any unused funds over this amount. Following final audit completion, DOE shall notify NRC of any remaining funds that may be deobligated. NRC shall deobligate remaining funds and complete closeout of the project. Conversely, if additional funds are needed after final audit completion, DOE shall notify NRC in writing of the additional amount required.

The office shall conduct an intraoffice utilization screening review to determine if the property utilized under the project can be used on another office project. (See Part 9, "Procedures for Managing Property Acquired Under NRC/DOE Projects," of this handbook.)

The office shall then reconcile project funds and, if funds are required for overhead rate adjustments and so forth, shall prepare an NRC Form 173 for the division director's or designee's approval after certifying availability of funds.

Closeout should be completed within 12 months of the project's expiration except in cases in which a subcontractor audit is required.

The office should indicate completion dates on Section II of NRC Form 559.

8.6 Final Past Performance Evaluation

A final evaluation shall be prepared for all expiring projects within 30 days after receipt of the final invoice. Such information will be used by other PMs prior to award of projects. Careful evaluation of a laboratory's performance after completion of the project is very important as it serves as a valuable guide in determining the laboratory's suitability for future work. The PM can access and complete the past performance questionnaire at the agencywide past performance database located on the NRC homepage. The PM should note any change in laboratory contractor management and the effect on performance. This information provides useful recommendations to those staff members who are considering the laboratory for further work.

Part 9

Procedures for Managing Property Acquired Under NRC/DOE Projects

DOE shall maintain title to property purchased with NRC funds and shall be responsible for maintaining property records. Upon closeout of a project, NRC shall be given special consideration or first priority for utilization of the property in NRC programs, regardless of location.

9.1 Property Management Procedures

9.1.1 Procedures for Laboratory-Acquired Property

In the statement of work for a proposed laboratory project, the NRC office shall identify any property, including software, required for performance of the project.

The laboratory **proposal** must include a description of the property required for project performance that has an estimated acquisition cost of **\$500** or more. The proposal must also identify the potential development of NRC-funded software during the project. NRC-funded software is software specifically developed for NRC by the laboratory and is generally the deliverable for the project (e.g., analytical code).

The office shall review the list of property and NRC-funded software included with the laboratory proposal to ensure that it is necessary for project performance. Any questions regarding the acquisition of property or the development of NRC-funded software must be addressed with the laboratory during negotiations.

After negotiating project terms and conditions, NRC shall issue an NRC Form 173, "Standard Order for DOE Work (SOEW)," authorizing the work and approving acquisition of property or development of NRC-funded software as proposed in the NRC Form 189, "DOE Laboratory Project and Cost Proposal for NRC Work" (Exhibit 3), and as agreed to in subsequent negotiations.

Laboratories shall submit a written request to the NRC Project Manager (PM) for approval to develop additional NRC-funded software or purchase additional property

with an estimated acquisition cost of **\$500** or more after work initiation. The PM shall approve or disapprove the acquisition or development of any additional items in writing.

9.1.2 Reporting of Laboratory Property

DOE laboratories shall report property, including software, with an acquisition cost of **\$500** or more in the monthly letter status report (MLSR) in the month the property or software was acquired. DOE laboratories shall provide the following information for each item reported, as appropriate, in the MLSRs.

- Item description or nomenclature
- Manufacturer
- Model number
- Serial number
- Acquisition cost
- Receipt date
- DOE or laboratory property identification number for sensitive property and property, excluding software, with an acquisition cost of **\$5,000** or more

DOE laboratories shall also report NRC-funded software with a useful life of 2 years or more and a development cost of **\$500** or more in the MLSR in the month the development of the software is completed.

DOE laboratories shall provide the following information for each item of NRC-funded software:

- Software name and functions
- Development cost
- Computer language used

- System on which it will operate
- Physical location of the software and/or the hardware system
- Date the development of the software was completed
- Date of scheduled replacement or projected useful life (If none can be determined, use a date 5 years from the date the software became operational.)

If no property was acquired or NRC-funded software development completed during the reporting month, the DOE laboratory shall include a statement to that effect in the MLSR. The DOE laboratory is responsible for ensuring that property, excluding software, reported in the MLSR that is sensitive or has an acquisition cost of **\$5,000** or more is consistent with DOE official property records. The PM shall ensure that the property or NRC-funded software listed in the MLSR was previously approved for the project by NRC. When this is not the case, the PM shall ensure that the unauthorized purchase is charged back to DOE.

9.1.3 Final Reporting and Disposition of Property

In the final MLSR for the project, the laboratory shall provide a closeout property report to the PM certifying that sensitive property and property, excluding software, acquired by the laboratory under the NRC project with an acquisition cost of **\$5,000** or more is included in the DOE official property records and that the list is complete. Sensitive property consists of items, regardless of value, that are considered susceptible to being appropriated for personal use or that can be readily converted to cash. Sensitive property could include such items as personal computers, printers, and cameras. For each item listed, the report shall contain the same elements as described above for MLSRs. The closeout property report shall also identify any ongoing or contemplated NRC projects on which the property could be used. If no property was acquired under a project, the DOE will provide a negative report. All DOE laboratory-acquired property requiring special handling for security, health, safety, or other reasons shall be noted as part of the report.

Upon receipt of the DOE-certified closeout property report for each project, the office shall circulate the report internally to determine whether the office has any need for the property. The internal office review should be completed within 2 weeks of receipt of the DOE report.

Upon completion of the internal office utilization review, the office shall notify the Division of Contracts (DC), ADM, of the results of its review. The optional form shown in Exhibit 13 of this handbook may be used.

Upon receipt of the results of the office's internal utilization review, if appropriate, DC/ADM will conduct a review of the other offices to determine if any available property can be used on other agency projects. The agency review shall be completed within 30 days.

Within 2 weeks after receiving the results of the review of the other offices, DC/ADM shall notify the initiating office of the review results.

Other office(s) desiring to use identified property for other projects shall submit a completed "Property Transfer Request" (NRC Form 493) to DC/ADM and the initiating office. The initiating office shall issue an NRC Form 173 to DOE identifying any property needed internally or for another project and relinquishing NRC rights for first use to the balance of the property. After the NRC Form 173 is issued to DOE, it is the responsibility of the office assuming ownership of the property to take action associated with effecting the property transfer, including the provision of any funds that may be needed to complete the transfer. If DOE does not receive an NRC Form 173 identifying property transfer within 8 weeks of submittal of the DOE-certified closeout property report to NRC, DOE should notify the PM and DC.

9.1.4 Property No Longer Required

DOE laboratories and NRC offices shall monitor sensitive property and property, excluding software, acquired under a project with an acquisition cost of **\$5,000** or more on a regular basis to identify property no longer required on the project. This property must be identified in the MLSR.

9.1.5 Utilization Review and Transfer

For ongoing projects, offices shall follow the above procedures for utilization reviews and transfer of the property normally conducted at project closeout.

9.1.6 DOE Annual Property Report

By November 15 of each year, DOE shall prepare a comprehensive annual property report consisting of two sections as follows. The entire report shall be sent to NRC DC/ADM.

9.1.7 Section 1: Property (Excluding NRC-Funded Software With a Useful Life of Two or More Years) Acquired in the Reporting Year

This section shall contain sensitive property as well as property, excluding software, that had an acquisition cost of **\$5,000** or more and was acquired in the reporting year. Information to be included in Section 1 covers—

- Property acquired
- Any property disposed of during the project

For each NRC office, DOE laboratory, and job code, the report shall provide the—

- Item description or nomenclature
- Manufacturer
- Model number
- Serial number
- Acquisition cost
- Receipt date
- DOE or laboratory property identification number, as appropriate

9.1.8 Section 2: NRC-Funded Software With a Useful Life of Two or More Years Acquired in the Reporting Year

This section shall contain NRC-funded software with a useful life of 2 or more years and a development cost of **\$5,000** or more. Information to be included in Section 2 is detailed as follows.

This section of the report shall include NRC-funded software for which development was completed in the reporting year. (All analytical codes will be considered NRC-funded software regardless of where the code will run.) It should be noted that NRC-funded software is not recognized as property and is not tracked in the official DOE property records. This report section shall include only laboratory costs and exclude NRC staff-developed software and NRC employee costs. As a minimum, the NRC-funded software report section shall include the following for each developed software item:

- Software name and function
- Development cost
- Computer language used
- System on which it will operate
- Physical location of the software and/or the hardware system
- Date development of the software was completed
- Date of scheduled replacement or projected useful life (If none can be determined, use a date 5 years from the date the software became operational.)
- Name and telephone number of the NRC PM for the system
- The job code under which the software was developed
- The laboratory's name

9.1.9 Section 3: Property and NRC-Funded Software With a Useful Life of Two or More Years Acquired Previously

This section shall contain a cumulative list in the format described in Sections 1 and 2 of sensitive property, as well as property and NRC-funded software with a useful life of 2 or more years acquired prior to the reporting year.

9.1.10 DC/ADM Property Tracking

DC/ADM maintains a database of information compiled from annual reports submitted by the laboratories reflecting the inventory of DOE property valued at **\$5,000** or more as provided.

DC/ADM will also coordinate data regarding NRC-funded software with the Office of Information Services to ensure that accurate and complete inventory information is provided to the Office of the Chief Financial Officer for capitalization purposes as required by agency accounting policy.

Part 10

Documentation and Filing

The NRC Project Manager (PM) is responsible for establishing and maintaining the official agency record for a project with all required documentation, memoranda, both technical and administrative in nature, that are generated in the planning, execution, administration, and closeout of the project.

A complete record shall be maintained for each project performed under an NRC/DOE work order. Administrative documents and records pertinent to work performed under NRC/DOE projects shall be filed in accordance with the following provisions.

10.1 Official Office Project File

An official office project file for each NRC/DOE project will be established by the office certifying funds availability for the work upon assignment of a job code number.

The office is responsible for ensuring that the required technical and administrative information describing the projects from the point of initiation through final closeout action is included in the office project file.

10.2 Office Project File Maintenance

The office project file shall be maintained in chronological order and shall contain all documents, memoranda, and references that are technical and administrative in nature and pertinent to a project and that are generated in the planning, execution, administration, and closeout of a project.

10.3 Specific Office Project File Content

The documents listed below shall be filed, if applicable to the project, in the folders indicated, in chronological order. Certain documents such as the monthly letter status report (MLSR) or the vouchers should be filed together under a separate tab or folder. The Division of Contracts, ADM, will conduct periodic file reviews in accordance with the guidelines in this handbook and the file review checklist (Exhibit 5). Additional information on file reviews may be found under Section 1.4.4, "Division of Contracts."

10.3.1 Basic Agreement Files

An asterisk (*) indicates a mandatory document, if applicable.

- Project descriptive summaries
- Program reviews
- User request and endorsement memoranda
- Fiscal Year Advanced Procurement Plan
- *Statement(s) of work (SOWs)
- Sources-sought announcement and evaluation of sources-sought responses
- *Approvals, including but not limited to—
 - Urgency
 - “DOE Source Selection Justification” (NRC Form 367)
 - Chairman Review
 - *Organizational Conflict of Interest (OCOI) Waiver of Commission Policy Requests
 - *Information Technology
 - Security Requirements (NRC Form 187, e.g., “Contract Security and/or Classification Requirements,” etc.)
- *“Independent Government Cost Estimate (IGCE) for DOE Laboratory Agreements” (NRC Form 554A)
- *Requests for Proposal
- *DOE and/or Laboratory Proposals (NRC Form 189, “DOE Laboratory Project and Cost Proposal for NRC Work”) (Exhibit 3)
- *Proposal Evaluation (NRC Form 558 or similar format)
 - PM’s negotiation/discussion notes
- *Summary of Negotiations (NRC Form 555 or similar format)
- *Record of Past Performance Check
- *Work Order Agreement(s) (NRC Form 173, “Standard Order for DOE Work (SOEW)”)
- *Attachments to the NRC Form 173
 - Memoranda that document meetings, telephone conversations, technical direction and guidance, changes to work scope, schedule, cost estimates, trip reports, and meeting agenda
 - Correspondence, including memoranda, letters, e-mails (interagency or interoffice)
- *Monthly Letter Status Reports (MLSRs)
- *MLSR Review (MLSR) Forms (NRC Form 552 or similar format)
- *DOE billings (vouchers) — approval, signed by the PM
- *Voucher/Expenditure Log or similar format

- *DOE/Laboratory 75% of funding expenditure notice to NRC
- *Annual past performance assessments for multiyear projects
- *Final past performance assessment
- *Project File Closeout (NRC Form 559)
- Publication releases (NRC Form 426), "Authorization to Publish a Manuscript in the NUREG Series"
- *Interim and draft reports
- *Final deliverables

10.3.2 Modifications to Agreement File Requirements

An asterisk (*) indicates a mandatory document, if applicable.

- *SOW and attachments
- *IGCE(s)
- *NRC Form 367(s)
- *Requests for Proposal
- * DOE and/or Laboratory Proposals (NRC Form 189, "DOE Laboratory Project and Cost Proposal for NRC Work") (Exhibit 3)
- *Proposal Evaluation (NRC Form 558 or similar format)
- PM's negotiation/discussion notes
- *"Summary of Negotiations" (NRC Form 555 or similar format)
- *Work Order Agreement(s) (NRC Form 173,"Standard Order for DOE Work (SOEW)")
- *Attachments to the NRC Form 173
- Memoranda that document meetings, telephone conversations, technical direction and guidance, changes to work scope, schedule, cost estimates, trip reports, and meeting agenda

10.3.3 Individual Task Order (TO) File Content

An asterisk (*) indicates a mandatory document, if applicable.

Each TO should be filed chronologically in a separate file. As a minimum, this file must contain—

- *Statements of work (SOWs)

- *“Independent Government Cost Estimate (IGCE) for DOE Laboratory Agreements” (NRC Form 554As)
Security Requirements (NRC Form 187, e.g., “Contract Security and/or Classification Requirements,” etc.)
- *Requests for Proposal
- *Proposals (NRC Form 189, “DOE Laboratory Project and Cost Proposal for NRC Work”) (Exhibit 3)
- *Proposal Evaluation (NRC Form 558 or similar format)
- *“Summary of Negotiations” (NRC Form 555 or similar format)
- *Work Order Agreement (NRC Form 173, “Standard Order for DOE Work (SOEW)”)
- *Voucher/Expenditure Log or similar format
- *Interim and draft reports for task orders
- *Final NUREG reports

10.3.4 Modifications to Task Orders

An asterisk (*) indicates a mandatory document, if applicable.

- *SOW and attachments
- *RFP letter
Security Requirements (NRC Form 187, e.g., “Contract Security and/or Classification Requirements,” etc.)
- *Requests for Proposal
- *Proposals (NRC Form 189, “DOE Laboratory Project and Cost Proposal for NRC Work”) (Exhibit 3)
- *Proposal Evaluation (NRC Form 558 or similar format)
- *“Summary of Negotiations” (NRC Form 555 or similar format)
- *NRC Form 173, which obligates/deobligates funds
- *Interim and draft reports
- *Final deliverables

10.4 Office Project File Disposition — ADAMS

The official NRC file for each DOE laboratory project shall be maintained for the active period of the job code. Upon completion of the closeout process, the file shall be forwarded to the NRC Records Officer for disposition in accordance with the provisions of the U.S. General Records Schedule and the “NRC Comprehensive Records Disposition Schedule,” NUREG-0910, Revision 3.

Certain official documents shall be placed in the Agencywide Documents Access and Management System (ADAMS). Documents to be placed in ADAMS are all SOWs, signed NRC Form 173s pertaining to the project, and the final NUREG documents. The documents shall not be made available to the public.

Part 11

Standard Terms and Conditions

The statement of work (SOW) for a project describes the technical work and performance requirements of the DOE laboratory. The standard terms and conditions describe the duties, administrative requirements, and responsibilities of the parties during the life of the project. The standard terms and conditions contained in this part represent the minimum provisions included in the agreement. NRC and DOE agree that the following terms and conditions apply to NRC/DOE projects unless otherwise stated. All work orders are issued with this understanding. NRC Form 173, "Standard Order for DOE Work (SOEW)," which is the award document used for a DOE project, incorporates these terms and conditions by reference by stating "standard terms and conditions are part of this order unless otherwise noted (see this part for more information). Other terms and conditions may be added upon acceptance by both NRC and DOE.

The standard terms and conditions are as follows:

11.1 Technical Direction

The NRC Project Manager (PM), as named in the NRC SOW, is responsible for ensuring that the services required under this project are delivered in accordance with the terms of the SOW. All technical direction instructions to the DOE laboratory must be issued through the PM.

Technical direction includes interpreting technical specifications, providing needed details, and suggesting possible lines of inquiry. Technical direction must not constitute new work or affect overall project cost or period of performance. Technical direction must be confirmed in writing to the DOE laboratory, a copy provided to the DOE Site Office or the DOE Field Office, and a copy placed in the NRC office project file.

11.2 Billing Requirements

DOE shall bill NRC monthly for costs paid in support of NRC projects by the job code number. The DOE shall bill and collect from NRC by an electronic transfer of funds through the U.S. Treasury Intergovernmental Payment and Collection System (IPAC).

The DOE voucher shall identify the NRC job code, such as A1001, B2001, and so forth the NRC budget and reporting (B&R) number on the NRC Form 173, and the DOE B&R number.

The DOE voucher, as a minimum, shall indicate the month that costs were incurred and the dollar amount of these costs. In some instances because of accrual accounting and other adjustments, the amounts may differ slightly from the original accrual amount. When monthly letter status report (MLSR) costs differ from the amount billed, DOE shall provide an explanation of the difference on the voucher.

The DOE voucher shall be sent to support the IPAC funds transfer.

The instructions must identify the billable activities as specified by 10 CFR Part 170. The DOE voucher and other required documentation shall be submitted to—

U.S. Nuclear Regulatory Commission
Office of the Chief Financial Officer
Division of Financial Services
Washington, DC 20555-0001

NOTE: NRC offices shall indicate any additional billing information required in the “Remarks” section of NRC Form 173.

11.3 Intellectual Property Rights

The statutory, regulatory, and procedural intellectual property policies of DOE will be applicable to the work falling under this work order—

- Provided that information concerning disclosures of inventions identified as having been conceived or first actually reduced to practice under Commission-funded work will be reported to the Commission, and the Commission will be kept advised as to their status.
- Except that the Commission reserves the right to control title to inventions as to any rights that vest in the Commission under statute. If DOE and DOE's contractor, where the contractor has such rights, should determine not to protect these inventions either domestically or abroad, the Commission will have the right to protect these inventions.

- Provided that if the technology covered by an invention disclosure upon which DOE intends to file a patent application on behalf of the U.S. Government is deemed by the Commission to fall within the Commission's mission, that is, when the technology relates to nuclear facilities and materials safety, safeguards, and environmental protection in support of the Commission's licensing and regulatory functions, the Commission may so notify DOE and a determination will be made by the parties as to which party will file the patent application or applications.
- Provided that neither party shall grant an exclusive patent license on an agency-owned invention without the approval of the other party.

11.4 Dissemination of Project Information

The DOE laboratory shall comply with the requirements of NRC Management Directive (MD) 3.9, "NRC Staff and Contractor Speeches, Papers, and Journal Articles on Regulatory and Technical Subjects," if applicable, regarding publications or dissemination to the public of any information, oral or written, concerning the work performed under this project.

11.5 Copyright in Computer Software and Codes

In the event that a DOE laboratory desires to assert a copyright of any computer software or computer code funded in whole or in part by NRC, the laboratory shall request, in writing, the written approval of the cognizant NRC division director or designee before advising DOE's patent counsel of the laboratory's desire to seek the copyright.

If NRC determines that public health and safety or other programmatic considerations dictate that the DOE laboratory contractor should not be given permission to copyright the computer software or code, the NRC division director or designee, after consultation with the NRC Office of the General Counsel (OGC) and the Division of Contracts (DC), ADM, shall so advise the laboratory in writing.

Alternatively, if permission to copyright computer software or a computer code is granted, the cognizant NRC division director or designee, after consultation with OGC and DC/ADM, shall provide the laboratory with written notice of that decision. In those cases in which the cognizant NRC division director or designee determines that the rights retained by the Government pursuant to the copyright provisions of the laboratory

contract should be modified to protect NRC's interests, NRC will advise DOE's patent counsel of NRC's desire to modify DOE's standard policy with respect to permission for a contractor to assert copyright in that code. DOE and NRC will then jointly determine the appropriate provisions for the code. The DOE patent counsel shall provide the laboratory with written notice, with a copy to the cognizant NRC division director or designee, of that joint determination. The laboratory may then proceed to assert copyright.

In no case shall the DOE laboratory take action relating to assertion of copyright until the NRC division director or designee provides written approval to the laboratory's request to assert copyright. Further, DOE shall not permit a contractor to assert copyright of an NRC-funded computer code or computer software without the written approval of the cognizant NRC division director or designee. Where NRC has not granted permission to copyright, NRC recognizes that once a laboratory has delivered to NRC a developed version of a particular code, the laboratory may exercise the existing right that both the laboratory and other parties have to further develop, without NRC funds, software codes that are in the public domain and to copyright the new, non-NRC-funded versions of these codes without NRC approval.

11.6 Key Personnel

The individual(s) identified as key personnel in NRC Form 189, "DOE Laboratory Project and Cost Proposal for NRC Work" (Exhibit 3), is (are) considered essential to the successful performance of the work. The DOE laboratory agrees that these personnel shall not be removed from the project or replaced without complying with the following:

- If one or more of the key personnel, for whatever reason, becomes or is expected to become unavailable for work under this contract for a continuous period exceeding 30 workdays, or is expected to devote substantially less effort to the work than indicated in the proposal or initially anticipated, the DOE laboratory shall immediately notify the NRC office of its intent to make key personnel replacements.
- All requests for approval of substitutions on a project shall be in writing and shall provide detailed explanation of the circumstances necessitating the proposed substitutions. The request shall contain a complete résumé for the proposed substitute and other information requested by the NRC office to approve or disapprove the proposed substitution. The NRC office will evaluate such requests

and promptly notify the DOE laboratory of its approval or disapproval thereof in writing.

- The project may be terminated if the office determines that—
 - Suitable and timely replacement of key personnel who have been reassigned, terminated, or have otherwise become unavailable for the project is not reasonably forthcoming.
 - The resultant reduction of effort or expertise would be so substantial as to impair the successful completion of the work order.

11.7 Limitation of Funds

NRC is not obligated to reimburse DOE for costs incurred by its contractors in excess of the total amount obligated by an appropriately executed NRC Form 173. The NRC office will formally notify the appropriate DOE Site Office or the DOE Field Office of any projects that are intended to be phased out or terminated as soon as such intent is known, preferably at least 30 days before the proposed termination date. For work orders with fixed performance periods, the DOE Site Office or the DOE Field Office should assume that the program will terminate on the last day of the period specified in the "Standard Order for DOE Work" unless notified otherwise.

If at any time the laboratory has reason to believe that the costs will exceed the total amount authorized, the laboratory must notify NRC and the DOE Site Office or the DOE Field Office. In the absence of formal NRC instructions to continue or to terminate a work order, the DOE Site Office or the DOE Field Office contract officer or his or her designee will notify NRC by fax or other suitable written means when the accrued costs of any NRC work order approaches 75 percent of the authorized funding level for a project or task order (TO).

The notification should include the estimated date when the accrued costs will equal the authorized funds, and may, if appropriate, recommend or request the NRC action desired. The notification should be sent to the appropriate NRC office with a copy to DOE.

After this notification, the office will evaluate costs incurred against technical progress and, if necessary, will—

- Increase funding authorization
- Change the scope of the work
- Change the period of performance
- Terminate the project

The performance of work shall be completed within the period stated in the most current authorization document. This could either be in the form of an NRC Form 173, a letter definitizing a TO, or a document allowing for a no-cost extension of up to 60 days. (See Part 7, Section 7.4, “Modifications to Projects.”) However, when the DOE laboratory anticipates that the work cannot be completed within the fixed time period, it shall notify the office in writing and send a copy of the notice to the DOE Site Office or the DOE Field Office. Notification shall be made in sufficient time to allow for the issuance of either another NRC Form 173, or the appropriate document authorizing an extension of the work period to the date necessary to complete the authorized work. If the period of performance is not extended, the office shall notify DOE and the DOE laboratory via issuance of an NRC Form 173, which should contain closeout instructions, including the reconciliation of any excess funds.

11.8 Stop-Work Order

The NRC office may, at any time, by written order (NRC Form 173) to the DOE contracting officer, require the DOE laboratory to stop all or any part of the work called for by this work order for a period of up to 90 days after the order is delivered to the DOE laboratory, and for any further period to which the parties may agree. Any such order will be specifically identified as a “stop-work order” issued pursuant to this clause.

Upon receipt of such an order, the DOE laboratory shall forthwith comply with its terms and take all reasonable steps to minimize the incurrence of cost allocable to the work covered by the order during the period of work stoppage.

Within a period of 90 days after a stop-work order is delivered to DOE or within any extension of that period to which the parties shall have agreed, the office shall either—

- Cancel the stop-work order

- Terminate the work covered by this work order

If a stop-work order issued under this clause is cancelled or the period of the stop-work order or any extension thereof expires, DOE will authorize its contractor to resume work. An adjustment will be made in the delivery schedule or cost, or both, and the work order must be modified in writing accordingly.

If a stop-work order is not cancelled and the work covered by the order is terminated in accordance with the terms of this work order, costs resulting from the stop-work order will be allowed in arriving at the termination settlement.

11.9 Termination

Circumstances may arise in which either NRC or DOE wishes to terminate performance of a project in whole or in part. If both parties agree, the work order may be terminated.

If DOE wishes to terminate the project, it shall advise the cognizant NRC division director.

If NRC wishes to terminate the project, the cognizant division director will advise the cognizant DOE Site Office or the DOE Field Office and send a copy of the termination agreement to the DOE laboratory.

Within 60 days after the effective date of the termination of the work order, the DOE laboratory shall submit a termination settlement proposal to the cognizant NRC office director, through the cognizant DOE Site Office or the DOE Field Office. When additional time is required to compile all outstanding costs, such as subcontractor costs, the DOE Site Office or the DOE Field Office shall provide a written notification to the NRC office director that includes a proposed due date for the final settlement proposal.

In the event of disagreement between the parties, the cognizant office director will make the final decision.

The DOE laboratory shall not incur new obligations for the terminated portion of the project after the effective date and must cancel as many outstanding obligations as possible. NRC will allow full credit to the DOE laboratory for obligations properly incurred by the recipient before termination.

11.10 Security

11.10.1 Unclassified Work Efforts

To the extent that performance of work under this order does not involve classified information or sensitive unclassified information, the following clauses are applicable:

- It is mutually expected that the activities under this work order must not involve classified or sensitive unclassified information or material. If, in the opinion of either party, this expectation changes, the party shall immediately notify the other party in writing. In any event, DOE shall handle and otherwise safeguard classified and sensitive unclassified information and material, including unclassified controlled nuclear information, in accordance with applicable law and NRC and DOE requirements, and shall promptly inform the NRC office in writing if and when classified or sensitive unclassified information or material becomes involved.
- The DOE laboratory shall not permit any individual to have access to Restricted Data or other classified or sensitive unclassified information and material except in accordance with the Atomic Energy Act of 1954, as amended, and DOE and NRC regulations or requirements.
- Except as specifically authorized by this work order or as otherwise approved by the issuing authority, records or other information, documents, and materials furnished by the office in the performance of the order shall be used only in connection with the work performed under the order. Upon completion or termination of this work order, the DOE shall transmit to the office all information that NRC requires.
- All parties conducting activities under this work order shall be responsible for the safeguarding from unauthorized disclosure any information or other documents and material exempt from public disclosure under NRC regulations and made available in connection with the performance of work, or generated in the performance of this work under this work order. Both parties agree to conform to all regulations, requirements, and directions of NRC with respect to this material.

11.10.2 Classified Work Efforts

To the extent that the performance under this work order involves classified information, the following clauses are applicable:

- **Responsibilities.** DOE and the DOE contractor (performing organization) shall be responsible for safeguarding Restricted Data, Formerly Restricted Data, and other National Security Information and for protecting it against sabotage, espionage, loss, and theft in accordance with DOE security regulations and requirements.
- **Transmission of Classified Matter.** Except as otherwise expressly provided, DOE or the DOE contractor shall, upon completion or termination of the work order, transmit to the office all classified matter in its possession or in the possession of any person under its control in connection with performance of this work order. If retention of any classified matter is required by DOE or the DOE contractor, DOE must obtain the approval of the office and complete a certificate of possession specifying the classified matter to be retained.
- **Regulations.** The DOE contracting officer shall ascertain that the DOE contractors conform to all DOE security regulations and requirements.
- **Definition of Restricted Data.** The term “Restricted Data,” as used in this clause, means all data concerning (1) the design, manufacture, or utilization of atomic weapons; (2) the production of special nuclear material; or (3) the use of special nuclear material in the production of energy, but does not include data declassified or removed from the Restricted Data category pursuant to Section 142 of the Atomic Energy Act of 1954, as amended.
- **Definition of Formerly Restricted Data.** The term “Formerly Restricted Data,” as used in this clause, means classified information related primarily to the military utilization of atomic weapons that can be adequately safeguarded as National Security Information, subject to the restrictions on transmission to other countries and regional defense organizations that apply to Restricted Data.
- **Definition of National Security Information.** National Security Information is information that has been determined pursuant to Executive Order 12958 or any predecessor order to require protection against unauthorized disclosure and is so designated.
- **Security Clearance of Personnel.** DOE and DOE laboratories shall not permit any individual to have access to Restricted Data, Formerly Restricted Data, or National Security Information, except in accordance with the Atomic Energy Act of 1954, as amended, Executive Orders 12968 and 10865, and DOE regulations or

requirements applicable to the particular type or category of classified information to which access is required.

- **Liability.** It is understood that the unauthorized disclosure or the failure to properly safeguard Restricted Data, Formerly Restricted Data, or National Security Information that may come to the DOE or to any person under an NRC/DOE work order in connection with work under the work order may subject the performing organization, and its agents, employees, or subcontractors, to administrative sanctions and criminal liability under the laws of the United States. (See the Atomic Energy Act of 1954, as amended [42 U.S.C. 2011 et seq.], 18 U.S.C. 793 and 794; and Executive Orders 12958 and 12968.)
- **Subcontracts and Purchase Orders.** Except as otherwise authorized in writing by the Commission, DOE shall insert provisions similar to the foregoing in all subcontracts and purchase orders under this work order.

11.10.3 Classification

11.10.3.1 Classification Clause

To the extent that the performance of work under this work order involves classified information, the following clause is applicable:

In the performance of work under this work order, DOE shall ensure that a DOE authorized classifier shall assign classification levels to all documents, material, and equipment originated or generated by the performing organization in accordance with classification guidance furnished by the Commission. Each subcontract and purchase order issued hereunder involving the generation of classified documents, material, or equipment shall include a provision to the effect that in the performance of such subcontract or purchase order, a DOE authorized classifier shall assign classification levels to all such documents, material, and equipment in accordance with classification guidance furnished by the NRC.

When appropriate, the attached NRC Form 187, "Contract Security and/or Classification Requirements," is a part of this work order. It is the responsibility of the NRC office originating the work order to review the classification assigned and to refer any problems to the NRC Division of Facilities and Security (DFS), ADM, for resolution.

11.10.3.2 Unclassified Safeguards Information, Unclassified Controlled Nuclear Information, or Unescorted Access to Protected and Vital Areas of Nuclear Power Plants

To the extent that the performance of work under this work order involves unclassified Safeguards Information (SGI), the following clause is applicable:

In the performance of the work under this project, DOE shall assure that the DOE laboratory shall mark and protect all documents, material, and equipment originated, generated, or received by the performing organization in accordance with the provisions of Section 147 of the Atomic Energy Act of 1954, as amended, its implementing regulations (10 CFR 73.21), and NRC guidance (NUREG-0794, "Protection of Unclassified Safeguards Information: Criteria and Guidance"). Further guidance on the protection of unclassified Safeguards Information and examples of proper marking of cover; title page, and back cover are contained in NRC Management Directive (MD) 12.7, "NRC Safeguards Information Security Program."*

To the extent that performance of work under this work order involves unclassified controlled nuclear information (UNCI), the following clause is applicable:

In the performance of the work under this project, DOE shall assure that the DOE laboratory shall mark and protect all documents, material, and equipment originated, generated, or received by the performing organization in accordance with the provisions of Section 148 of the Atomic Energy Act of 1954, as amended, its implementing DOE regulations, and DOE orders and guidance.

It is the responsibility of the NRC office originating the work to indicate whether the work will involve unclassified SGI, UNCI, or unescorted access to protected and vital areas of nuclear power plants. An NRC Form 187, "Contract Security and/or Classification Requirements," shall be completed to indicate such access.

11.10.3.3 Proprietary Information

In connection with the performance of work under this work order, NRC may furnish for DOE review, evaluation, or other use certain trade secrets or confidential or privileged

*Issuance pending.

commercial or financial information determined by the office to be exempt from public inspection or disclosure. A synopsis of such information must be submitted in writing to the DOE contracting officer for reaching agreement with the office on the acceptance and use of the information. Up-to-date guidance on the protection of proprietary information used in reports prepared by the DOE laboratory on proper marking of cover, title page, and back cover may be obtained from the NRC PM.

Proprietary or other privileged information may be provided by the office on an individual basis to DOE laboratory employees working as NRC consultants with the understanding that it shall be protected from disclosure and shall be returned to the office upon completion of the work. Any such claimed proprietary data will be appropriately identified and marked as such. The use of proprietary information in reports prepared by consultants requires protection. Further information may be obtained from the NRC PM.

11.10.3.4 Other Sensitive Unclassified Information

Information other than safeguards, unclassified controlled nuclear, proprietary information, and predecisional information may at times be determined to be sensitive. The use of such information in reports requires the specific designation and protection. Further information may be obtained from the NRC PM.

11.11 Information on NRC Cooperative Programs With Foreign Governments and Organizations and With U.S. Industry

DOE facilities, contractors, and subcontractors working on NRC cooperative programs with foreign governments and organizations and with U.S. industry perform this work with the understanding that draft or formal reports on this work are to be available only to participants in the program until public availability is authorized by the NRC office. Reports or codes (including data) on this work shall be issued as "Draft Preliminary Reports (Codes)" until the office authorizes issuance of the report as a formal report with the designation NUREG/IA-XXXX for international agreement reports or NUREG/CR-XXXX for contractor reports. Details of the handling of reports may be obtained from the NRC PM.

11.12 Contract Security Requirements for Unescorted Access to Nuclear Power Plants

If performance under this work order involves unescorted access to protected and vital areas of nuclear power plants or access to nuclear power reactor unclassified SGI, individual contractors requiring access to protected and vital areas of nuclear power plants or access to nuclear power reactor unclassified SGI shall be approved for unescorted access in accordance with the following procedures:

11.12.1 Temporary Approval

The contractor (DOE laboratory employees and laboratory contractors) does not need a temporary approval if he or she has a valid Government clearance, for example, a DOE "Q" or "L" clearance.

If the contractor employee does not have such a clearance, the contractor shall submit the information discussed below within 30 calendar days following contract award, modification, or proposal of new personnel for contract tasks. This information shall be provided for each person proposed to perform tasks requiring unescorted access to nuclear power plants or access to nuclear power reactor unclassified SGI. The information shall be provided to the NRC Division of Facilities and Security (DFS) through the NRC PM and consists of the following:

- A completed Personnel Security Forms Packet, including an SF 86, "Questionnaire for National Security Positions," and copies of the individual's 5-year employment and education history checks, including verification of the highest degree obtained
- A reference from at least one additional person not provided by the individual
- Results of a psychological evaluation
- A certification that the contractor has found all checks acceptable

The results of a psychological examination that uses a reliable written personality test or any other professionally accepted clinical evaluation procedure shall be used to evaluate a subject's trustworthiness, reliability, and stability. The contractor shall review all required information for accuracy, completeness, and legibility, except Part 2 of the SF 86, which must be completed in private and submitted by the individual to the

contractor in a sealed envelope, or the individual shall be fingerprinted by the subject utility, and the contractor shall be subject to the utility's access authorization program.

As described in this section, DFS shall conduct criminal history and credit checks and a security assurance interview with the individual.

On the basis of the results of these checks, DFS shall determine the individual's eligibility for temporary access and indicate an objection or no objection to NRC pending completion of the required background investigation.

11.12.2 Final Approval

Final approval shall be granted if—

- The individual has completed processing (by the Office of Personnel Management) of the required investigation resulting in NRC endorsement for unescorted access at all nuclear facilities for the life of the contract.
- The contractor has obtained unescorted access authorization (other than temporary access) at the specific utility through that utility's access authorization program, resulting in unescorted access at a specific facility.
- The individual possesses a valid Government-issued clearance as verified by DFS. A valid Government-issued clearance is defined as a U.S. Government-issued security clearance equivalent to or higher than an NRC "L" clearance (i.e., Secret) based on a comparable investigation not more than 10 years old.

The investigation specified in the first bullet of this section (Section 11.12.2) may involve an Access National Agency Check and Inquiries (ANACI) or other investigation as deemed necessary by DFS in accordance with 10 CFR Part 10 and NRC MD 12.3, "NRC Personnel Security Program." Any question regarding the individual's eligibility for unescorted access to protected or vital areas of nuclear power facilities will be resolved in accordance with the provisions set forth in MD 12.3, which are incorporated into the work order by reference as though fully set forth therein.

The contractor shall, for each contractor individual approved for access under the provisions of this section, submit to DFS through NRC a signed statement from the individual that he or she understands his or her responsibility to report information

bearing on his or her continued eligibility for access authorization as specified in MD 12.3.

Access to unclassified SGI not also involving unescorted access to protected and vital areas of nuclear power plants shall require the submission of a completed Personnel Security Forms Packet to DFS through NRC and may require a National Agency Check (NAC) or other investigation deemed necessary by NRC in accordance with 10 CFR Part 10 and NRC MD 12.3. Any question regarding the individual's eligibility for access to nuclear power reactor SGI shall be resolved in accordance with the provisions set forth in MD 12.3, which is incorporated into this contract by reference as though fully set forth herein. On the basis of the review of the applicant's security forms by DFS and/or the receipt of adverse information by NRC, the individual may be denied access to nuclear power reactor SGI until a final determination of his or her eligibility for access is made under the provisions of MD 12.3. During the processing by DFS of new individuals for access to nuclear power reactor SGI, access may be granted under licensee programs.

11.12.3 Fitness for Duty

Pursuant to NRC policy, all individuals proposed for work under this contract who require unescorted access to nuclear power plants shall be subject to the requirements of the licensee's fitness-for-duty program (10 CFR Part 26).

11.12.4 Basic Exposure Control and Personnel Dosimetry Training Requirements

The contractor shall certify that personnel working under the scope of this contract have completed basic exposure control and personnel dosimetry training sufficient to meet the requirements of commercial nuclear power plants for unescorted access. Site-specific training obtained at each site shall still be required during the performance of work under this contract in addition to the basic training.

11.12.5 Subcontractor Information—Subcontracting

The DOE organization shall notify the issuing NRC office in writing reasonably in advance of entering into any major or significant technical service subcontract not contained in the original proposal. "Major or significant" must be used with judgment

and related to the total value of the project and/or impact on the results. This advance notification shall include the following:

- A description of services to be called for by the subcontract
- Identification of the proposed subcontractor
- The proposed subcontract costs (in total)
- A statement that the proposed subcontract will not result in a real or apparent organizational conflict-of-interest situation. If the NRC program office requires additional specific subcontractor information or limitations, those requirements shall be stated on the NRC Form 173.

11.13 Software Development

Systems development efforts shall comply with applicable Governmentwide Federal Information Processing Standards developed by the National Institute of Standards and Technology, applicable public laws, Office of Management and Budget circulars, and NRC policies and procedures. Particular attention is necessary to incorporate security features in the design of systems that process sensitive data.

The format of software deliverables is specified in NRC Bulletin 0904-4. If any deliverable is provided on diskette, the diskette shall be scanned for viruses by the contractor and verified to be free of viruses before delivery to NRC.

All software development, modification, or maintenance tasks shall follow general guidance provided in NUREG/BR-0167, "Software Quality Assurance Program and Guidelines." NRC shall advise the DOE Patent Counsel with respect to any rights in the software that NRC desires under any particular project, which rights include NRC imposing restrictions on use, and distribution of the software by DOE or the laboratory.

Glossary

Acquisition. Acquisition includes purchasing, renting, leasing, or otherwise obtaining supplies and/or services for Government use.

Allocable. To be allocable a cost must be either a direct cost, which is specifically incurred for performance of the work, or an indirect cost that benefits several aspects of the operation or is necessary for the overall conduct of the business even though it cannot be shown to benefit any specific elements of the business.

Allowable. To be an allowable cost under the agreement, the cost must be reasonable, allocable, properly accounted for, and not limited or excluded by the terms of the agreement.

Associate Competition Advocate. An Associate Competition Advocate is an individual, appointed by the office director, who reviews source selection justifications to place work with the DOE laboratories and acts as an office advocate for seeking alternative sources to DOE laboratories, when appropriate.

Budget and reporting (B&R) number. The B&R number is used to correlate budget execution data with budget formulation data to ensure that funds are used for the purposes appropriated and allotted, and to compare actual expenditures with budgeted resources.

Budget object classification (BOC) code. The BOC code classifies obligations according to the nature of the services or articles procured. Obligations are classified by the initial purpose for which they are incurred. This is a requirement of the Office of Management and Budget's Circular No. A-11.

Glossary (continued)

Certification of funds/commitment. A certification of funds/commitment is a reservation of funds and a formal acknowledgment by the Funds Certifying Official that sufficient funds are available in the current allotment to cover an obligation.

Chief Information Officer (CIO). The CIO is the senior NRC individual reporting to the Executive Director for Operations who is responsible for the agency's information technology resources program.

Closeout. Closeout is a process used after expiration or termination of an agreement to ensure that the laboratory has satisfactorily performed the work, property utilization screening has been accomplished, project funds have been reconciled, overhead rate adjustments have been completed, and the funds remaining after the payment of all vouchers have been deobligated.

Contract administration. Contract administration involves the management of all facets of contracts and agreements after award to ensure that total performance is in accordance with the contract or agreement and that the obligations of the Government are fulfilled.

Cost overrun. A cost overrun occurs when expended costs for a project exceed the negotiated costs for the scope of work.

Deobligation. Deobligation is an action taken to transfer remaining funds from an agreement to NRC using an NRC Form 173.

Documentation. Any formal or informal notes, forms, letters, and memos that provide a record of the project, the deliverables required and received, and the funding obligated and paid.

Glossary (continued)

Encumbered costs. Encumbered costs consist of uncosted balances of purchase orders issued, contracts and subcontracts awarded, and other agreements for the acquisition of goods and services not yet received.

Foreign funds. Foreign funds are that portion of costs reported in the monthly letter status report that represent contributions from foreign countries.

Government-furnished property (GFP). GFP is property owned by or acquired on behalf of the Government that is furnished to a contractor for the performance of a contract or agreement.

Independent Government cost estimate (IGCE). An IGCE is developed by the Project Manager to estimate the cost of work specified in a statement of work (SOW).

Information technology (IT). Any equipment, or interconnected system(s) or subsystem(s) of equipment, that is used in the automatic acquisition, storage, manipulation, management, movement, control, display, switching, interchange, transmission, or reception of data or information by the agency.

Job Code. The job code, formerly the financial identification number (FIN), is a financial code that defines a specific NRC project. All NRC commitment and obligation transactions require the designation of a job code. Job codes generally tie to a unique budget and reporting classification. Job codes consist of five characters.

Key personnel. Key personnel are those individuals identified by the parties to perform work identified in the project SOW who are considered to be essential to the successful completion of the work.

Glossary (continued)

Modification. A modification is any formal revision of the terms of a contract or agreement within or outside the scope of the contract or agreement.

Monthly letter status report (MLSR). An MLSR is a monthly report that must be submitted by the DOE laboratory through the DOE Site Office or the DOE Field Office and that provides details regarding the laboratory's technical progress, problems encountered or expected, and incurred cost information.

Negotiation. Negotiation consists of written or oral discussions before the award of a contract or agreement based on the technical/cost relationship that is most advantageous to NRC.

Obligation. An obligation consists of an action that creates a liability or definite promise on the part of the Government to make a payment at some later time. The initial recognition of an obligation occurs when the work order is placed or the contract is executed even though the actual payment may not take place until the following fiscal year. Obligations must be supported by appropriate documentation such as binding agreements. In the case of standard orders for DOE work, the obligation occurs when an NRC Form 173 is signed by both NRC and the DOE.

Organizational conflict of interest (OCOI). An OCOI exists when the results of a project could be biased or an economic advantage could accrue by having a DOE laboratory perform work both for NRC and industry or DOE in the same or similar technical areas.

Pass-through subcontracting prohibition. "Pass-through" subcontracting occurs when the roles of the prime contractor who should be performing the majority of the required work and a subcontractor become reversed and the subcontractor ends up doing most of the work or in which the subcontractor

Glossary (continued)

performs the majority of the effort and the laboratory acts as an overseer and as a mere conduit for subcontract administration and does not contribute significantly to the technical results.

Payment. A payment consists of an amount disbursed monthly to DOE through the U.S. Treasury Intergovernmental Payment and Collection System (IPAC).

Principal investigator. The principal investigator is a technical laboratory employee charged with the responsibility of ensuring that the project is satisfactorily performed.

Procurement. Procurement includes purchasing, renting, leasing, or otherwise obtaining supplies and/or services for Government use.

Project. A project is a definable, programmatic effort or a specific acquisition of goods and/or technical services, which is assigned a unique job code and satisfies the attainment of either a single or homogeneous group of objectives.

Project Manager (PM). The PM is the individual or individuals responsible for all aspects of a project, including technical, administrative, and fiduciary. In some NRC offices, the PM may be the sole individual responsible for all these functions, while in others the PM may be supported in carrying out his or her assigned responsibilities by office support staff and technical monitor(s). In other NRC offices, the title of the responsible individual may be Technical Monitor (TM). However, in all instances, the lead PM, or if the office designated the position as "TM," is responsible for the overall management of a given project.

Glossary (continued)

Property. Property is all property owned by the Government that is acquired through use of NRC funds pursuant to the NRC/DOE Memorandum of Understanding. This includes all personal and real property, such as equipment and furniture.

Request for proposal (RFP). The RFP is a document that solicits a proposal from the DOE laboratory, based on the terms and conditions of the RFP.

Sensitive property. Sensitive property consists of items, regardless of value, that are considered to be susceptible to being appropriated for personal use or that can be readily converted to cash, including personal computers, printers, and cameras.

Standard Order for DOE Work (SOEW). The SOEW is NRC Form 173, which authorizes work under a DOE laboratory agreement.

Statement of work (SOW). The SOW is the detailed description of the supplies or services required by NRC.

Stop-work order. A stop-work order is a formal suspension of work via NRC Form 173, for example, when technical needs change or work is not satisfactory and efforts (meetings, correspondence) have failed to correct project deficiencies. This action gives parties a specified period of time to resolve issues. If issues are resolved, the office cancels the stop-work order. If issues remain unresolved, project termination should be considered.

Subcontract. The subcontract is a contract between a laboratory and another organization to furnish a part of the goods or services required under the prime contract.

Glossary (continued)

Task. A task is a definable unit of work within a project. Generally, a task has an identified deliverable product and delivery date resulting from the effort.

Task order. A task order (TO) is a specific statement of work with definable tasks and associated deliverable products and delivery dates issued under a TO agreement. The TO agreement states the terms and conditions and general technical areas under which TOs can be written. When a specific need is identified in one of the technical areas, a TO is written, negotiated, awarded, and administered.

Technical direction. Technical direction includes interpreting technical specifications, providing needed details, suggesting possible lines of inquiry, and shifting emphasis between project tasks. Technical direction does not constitute new work or affect overall project cost or period of performance.

Termination. Termination consists of the canceling of all or portions of a contract, an agreement, or a subcontract before its completion.

Urgency. Urgent work is work that is needed and should be accomplished as soon as practicable so as to avoid an adverse impact on the public health and safety regarding the civilian use of nuclear power, or on the agency's mission designed to ensure that the civilian use of nuclear power is safe. This determination is made by the cognizant NRC division director or designee.

Voucher review. Voucher review consists of the analysis of the DOE vouchers (a request for reimbursement of the performing organization's costs incurred in performance of NRC assigned work). The PM reviews the cost/charges billed to determine

Glossary (continued)

whether the amounts are allowable, allocable, and in accordance with the terms and conditions of the agreement. Amounts that are not consistent with the MLSR and found to be unallowable or not allocable to the project should be reconciled.

Exhibit 1
**Memorandum on Review for Duplication of a
Proposed DOE Laboratory Project (Optional)**

(date)

MEMORANDUM TO: (Director, Other Program Offices)

FROM:

SUBJECT: REVIEW FOR DUPLICATION OF PROPOSED DOE LABORATORY
PROJECT

Reference: Job Code _____
(Project Title)

The enclosed statement of work (SOW) is transmitted for review for any potential duplication of effort. Please check the appropriate box below and sign and return your response to me within 5 working days. Please call me on _____ if you have any questions or concerns.

- () I have reviewed the SOW for the above proposed project and conclude that no unnecessary duplication would result.
- () I have reviewed the enclosed SOW and there appears to be a duplication of effort. See comments below.

Signature
(Name)
(Branch, Division, Office)

Comments: _____
_____.

Signature

Office

Date

Enclosure: As stated

Exhibit 2
Letter Requesting a DOE Laboratory Proposal
(Optional)

(date)

Name
DOE Site Office or DOE Field Office

SUBJECT: _____ (NRC Project)
Job Code _____

We request a proposal for performance of the attached statement of work (SOW) under Job Code _____ for the Nuclear Regulatory Commission, Office of _____. The enclosed SOW details the required work and should be used as the basis for proposal preparation.

Cost Proposal

Use NRC Form 189, "DOE Laboratory Project and Cost Proposal for NRC Work," for cost proposals for basic work orders. The form includes instructions for completion.

Also submit a spending plan as part of your cost proposal. Guidance for completion of the plan is contained in the instructions portion of NRC Form 189.

Technical Proposal Content

As a minimum, the technical proposal must contain the following:

- A discussion to substantiate the laboratory's understanding of the scope of work
- A discussion of the laboratory's technical approach to meet the project's objective

Exhibit 2 (continued)

- A discussion of the experience and capabilities of key personnel and the laboratory in performing similar work
- Identification of key personnel and the number of staff hours that will be committed to complete work (Résumés for key personnel must be included.)
- Identification of administrative support personnel and/or facilities needed to assist professional personnel in completing the work
- A discussion of any potential organizational conflict-of-interest issues (reference OCOI section in the SOW)
- A discussion of anticipated problem areas or deviations from the NRC's SOW

A DOE-approved proposal must be submitted within 30 calendar days from receipt of the request for proposal (RFP).

The RFP is not an authorization to start work.

(Include when appropriate)

Work under this project (is anticipated to be unclassified), (will require access to and/or the origination of classified information as indicated on the enclosed NRC Form 187), or (will require access to and/or the origination of sensitive unclassified information).

(Include when appropriate)

Performance of work under the SOW is urgently required in support of (brief description of the activity) and, in accordance with NRC Management Directive _____, Part _____, expedited handling by both DOE and the laboratory is hereby requested. The proposal should be faxed to NRC no later than (month, day, year). Please advise me by telephone as soon as possible if there is any difficulty in meeting this due date.

The original proposal and _____ copies should be sent to the U.S. Nuclear Regulatory Commission, Attn: _____, Office of _____, Division of _____, Mail Stop _____, Washington, DC 20555-0001.

cc: (DOE National Laboratory)

Approved: March 26, 2002

E-3

(Revised: March 2, 2007)

Exhibit 2 (continued)

Questions concerning this request should be addressed to _____,
on (area code) + (telephone number) _____. Thank you for your assistance in
this matter.

Sincerely,

_____, Office Director
Office of _____

Enclosures:

Statement of Work

NRC Form 189 With Instructions

NRC Form 187 (if appropriate)

cc:

(Director of NRC Programs, _____ National Laboratory)

(_____ Laboratory Program Manager)

CONCURRENCES ON LETTER: (As required by office policy)

Exhibit 3
 NRC Form 189, "DOE Laboratory Project and
 Cost Proposal for NRC Work"

NRC FORM 189 (Part 1) (5-1996) NRCMD 11.7			U.S. NUCLEAR REGULATORY COMMISSION			DATE PROPOSAL SENT	
DOE LABORATORY PROJECT AND COST PROPOSAL FOR NRC WORK							
			NEW	FY			
PROJECT TITLE					REVISION NUMBER		
NRC OFFICE			JOB CODE				
DOE CONTRACTOR			NRC B&R NUMBER				
SITE			NRC BOC				
COGNIZANT PERSONNEL		ORGANIZATION	TELEPHONE NUMBER		CONTRACTOR ACCOUNT NUMBER		
NRC PROJECT MANAGER					DOE B&R NUMBER		
OTHER NRC TECHNICAL STAFF					PERIOD OF PERFORMANCE		
DOE PROJECT MANAGER					PROJECT START DATE		
LABORATORY PROJECT MANAGER					PROJECT END DATE		
PRINCIPAL INVESTIGATOR(S)							
KEY PERSONNEL							
STAFF YEARS OF EFFORT		FY	FY	FY	FY	FY	
DIRECT SCIENTIFIC/TECHNICAL							
OTHER DIRECT (GRADED)							
TOTAL DIRECT STAFF YEARS							
COST PROPOSAL (Round to Nearest Thousand \$)							
DIRECT LABOR — LABOR CATEGORIES, LABOR RATES, AND PROPOSED HOURS OF EFFORT FOR EACH CATEGORY							
OVERHEAD							
MATERIALS/SERVICES							
TRAVEL	FOREIGN						
	DOMESTIC						
SUBCONTRACT(S)							
CONSULTANTS							
OTHER DIRECT							
GENERAL AND ADMINISTRATIVE EXPENSES							
TOTAL ESTIMATED LABORATORY PROJECT COST							
DOE ADDED FACTOR							
TOTAL DOE PROJECT COST							
CARRYOVER FROM PRIOR FY							
CARRYOVER TO NEXT FY							
TOTAL FUNDING REQUIRED		\$	\$	\$	\$	\$	

NRC FORM 189 (5-1996)

PRINTED ON RECYCLED PAPER

This form was designed using InForms

Exhibit 3 (continued)

NRC FORM 189 (Part 2) <small>(5-1999) NRCMD 11.7</small>		U.S. NUCLEAR REGULATORY COMMISSION		JOB CODE														
DOE LABORATORY PROJECT AND COST PROPOSAL FOR NRC WORK				DATE														
FOR PROJECTS, EXCLUDING TASK ORDERS AND TASK ORDER AGREEMENTS																		
PROJECT TITLE																		
DOE PROPOSING ORGANIZATION																		
ESTIMATED COST																		
TASK 1	TASK 2	TASK 3	TASK 4															
TOTAL ESTIMATED COST	TOTAL ESTIMATED COST	TOTAL ESTIMATED COST	TOTAL ESTIMATED COST															
PROJECT DESCRIPTION																		
<p>Provide narrative descriptions of the following topics in the order listed. Attach on plain paper to this NRC Form 189. If an item is not applicable, so state.</p> <table border="0" style="width: 100%;"> <tr> <td style="width: 50%;">OBJECTIVES OF PROPOSED WORK</td> <td style="width: 50%;">REPORTING REQUIREMENTS AND SCHEDULE</td> </tr> <tr> <td>SUMMARY OF PRIOR EFFORTS</td> <td>SUBCONTRACTOR/CONSULTANT INFORMATION</td> </tr> <tr> <td>WORK TO BE PERFORMED AND EXPECTED RESULTS</td> <td>SPECIAL FACILITIES, IF REQUIRED</td> </tr> <tr> <td>PROPOSED PERSONNEL – INCLUDE RESUMES</td> <td>CONFLICT-OF-INTEREST INFORMATION</td> </tr> <tr> <td>MEETINGS/TRAVEL</td> <td>CLASSIFICATION OR SENSITIVITY, IF APPLICABLE (e.g., safeguards, proprietary, other)</td> </tr> <tr> <td>NRC FURNISHED MATERIALS</td> <td>ADDENDUM COST AND SCHEDULE INFORMATION</td> </tr> <tr> <td>RELATIONSHIP TO OTHER PROJECTS</td> <td>SPENDING PLAN</td> </tr> </table> <p style="text-align: center;">SEE NRC MANAGEMENT DIRECTIVE 11.7 FOR ADDITIONAL INFORMATION</p>					OBJECTIVES OF PROPOSED WORK	REPORTING REQUIREMENTS AND SCHEDULE	SUMMARY OF PRIOR EFFORTS	SUBCONTRACTOR/CONSULTANT INFORMATION	WORK TO BE PERFORMED AND EXPECTED RESULTS	SPECIAL FACILITIES, IF REQUIRED	PROPOSED PERSONNEL – INCLUDE RESUMES	CONFLICT-OF-INTEREST INFORMATION	MEETINGS/TRAVEL	CLASSIFICATION OR SENSITIVITY, IF APPLICABLE (e.g., safeguards, proprietary, other)	NRC FURNISHED MATERIALS	ADDENDUM COST AND SCHEDULE INFORMATION	RELATIONSHIP TO OTHER PROJECTS	SPENDING PLAN
OBJECTIVES OF PROPOSED WORK	REPORTING REQUIREMENTS AND SCHEDULE																	
SUMMARY OF PRIOR EFFORTS	SUBCONTRACTOR/CONSULTANT INFORMATION																	
WORK TO BE PERFORMED AND EXPECTED RESULTS	SPECIAL FACILITIES, IF REQUIRED																	
PROPOSED PERSONNEL – INCLUDE RESUMES	CONFLICT-OF-INTEREST INFORMATION																	
MEETINGS/TRAVEL	CLASSIFICATION OR SENSITIVITY, IF APPLICABLE (e.g., safeguards, proprietary, other)																	
NRC FURNISHED MATERIALS	ADDENDUM COST AND SCHEDULE INFORMATION																	
RELATIONSHIP TO OTHER PROJECTS	SPENDING PLAN																	
SIGNATURE – APPROVAL AUTHORITY				DATE														

Exhibit 3 (continued)

NRC FORM 189 (Part 3) <small>(6-1986) REVISION 11.7</small>	U.S. NUCLEAR REGULATORY COMMISSION SPENDING PLAN Complete as part of the Laboratory's Cost Proposal for each new project or task order.	JOB CODE MODIFICATION NUMBER <small>(if applicable)</small>	DATE					
NAME OF LABORATORY		PERFORMANCE PERIOD FROM _____ TO _____						
TITLE OF PROJECT		Total estimated costs of the proposed project or modification at the time of proposal submission.		\$ _____				
Provide cost details by month for the total project or modification								
COST ELEMENTS	1ST MONTH	2ND MONTH	3RD MONTH	4TH MONTH	5TH MONTH	6TH MONTH	11TH MONTH	12TH MONTH
DIRECT COSTS	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
INDIRECT COSTS	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
TOTAL ESTIMATED COSTS	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
PROJECT COMPLETION	% _____	% _____	% _____	% _____	% _____	% _____	% _____	% _____
Provide cost details by month for the total project or modification								
COST ELEMENTS	7TH MONTH	8TH MONTH	9TH MONTH	10TH MONTH	11TH MONTH	12TH MONTH		
DIRECT COSTS	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____		
INDIRECT COSTS	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____		
TOTAL ESTIMATED COSTS	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____		
PROJECT COMPLETION	% _____	% _____	% _____	% _____	% _____	% _____		

NOTE: The Spending Plan will be submitted with the NRC Form 189 initially. Thereafter, it will be updated and submitted with the "Monthly Letter Status Report (Mt.SR)," as required in Handbook 11.7, Part IV, B.2.

Exhibit 3 (continued)

NRC FORM 189 (Part 4) <small>(8-1989) NRCMD 11.7</small>	U.S. NUCLEAR REGULATORY COMMISSION DOE LABORATORY PROJECT COST PORPOSAL FOR NRC WORK FORECAST MILESTONE CHART Complete as part of the Laboratory's Cost Proposal for each new project or task order.	JOB CODE MODIFICATION NUMBER <small>(if applicable)</small>	DATE																	
TITLE OF PROJECT																				
DOE PROPOSING ORGANIZATION																				
FORECAST MILESTONE CHART — SCHEDULE TO START = ▲ _____ ▲ = COMPLETED PROVIDE ESTIMATED DOLLAR COST FOR EACH TASK FOR EACH FISCAL YEAR																				
TASK	FY				FY				FY				FY				TASK TOTAL			
	1st	2nd	3rd	4th	1st	2nd	3rd	4th	1st	2nd	3rd	4th	1st	2nd	3rd	4th				
SCHEDULE																				
COST																				
SCHEDULE																				
COST																				
SCHEDULE																				
COST																				
SCHEDULE																				
COST																				
TOTAL ESTIMATED PROJECT COST																				

Exhibit 3 (continued)

INSTRUCTIONS FOR PREPARATION OF NRC FORM 189 DOE LABORATORY PROJECT AND COST PROPOSAL FOR NRC WORK
<p>The following items shall be completed by the DOE performing organization.</p>
<p>Date Insert the date the proposal is forwarded to NRC and indicate if it is a proposal for a new project or a revised proposal. Provide any applicable revision number(s).</p>
<p>Project Title Insert the title from the NRC Statement of Work (SOW).</p>
<p>NRC Office Indicate the NRC Office requesting the work.</p>
<p>NRC Job Code, B&R Number, and Budget Object Code (BOC) Indicate the NRC Job Code (formerly the Financial Identification Number (FIN)), B&R Number, and BOC as shown in the NRC SOW.</p>
<p>DOE Contractor Indicate the full name of the DOE performing organization.</p>
<p>Contractor Account Number and DOE B&R Number Provide applicable account numbers for the performing organization and DOE.</p>
<p>Cognizant Personnel State name, organization, and telephone number for the NRC Project Manager, other NRC Technical Staff, the DOE Project Manager, the Laboratory Project Manager, the Principal Investigator, and Project Key Personnel who are considered essential to the successful completion of the project.</p>
<p>Period of Performance Insert the period of performance (POP) from the NRC SOW. If exception is taken to the NRC SOW POP or task scheduling, add an * and provide written explanation of the necessity for proposed change on the attachment to the NRC Form 189.</p>
<p>Staff Years of Effort Provide the estimate of staff years of effort for the DOE performing organization for each fiscal year from start to completion of the project.</p>
<p>Cost Proposal Cost projections shall reflect the performing organization's best estimate of costs to perform the effort described in the NRC SOW. The cost estimate shall be consistent with the DOE Manual 2110.1, "Pricing of Departmental Materials and Services." Cost shall be shown in thousands of dollars. Note: The NRC Form 189 should be completed as indicated on the form and supplemented with detailed cost, by month, and shall include, as a minimum, the following:</p> <ul style="list-style-type: none">- Direct labor, by labor category, with hourly rate and proposed hours for each category.- Overhead amount and percent and the base upon that it is applied.- Material/Services.*- Travel Expenses: Provide expected number of individuals traveling, origins, destinations, and air fare. Address foreign travel separately.- Subcontract(s) cost.**- Consultant(s) cost.- Other Direct Costs, with explanation for each.- General and Administrative Expense Amount and the percent, with the base upon which it is applied as a footnote.- Subtotal.- DOE Added Factor. <p>* List property, including IT hardware and software with an acquisition cost of \$500 or greater that the laboratory proposes to purchase in performance of the work described in the NRC SOW. Provide the estimated cost for each item and identify when the item is needed and how it will be used. For IT resources, include the specifications as well as existing IT resources to be used on the project.</p> <p>** Provide all of the above items for subcontract costs when the subcontract exceeds 25 percent of the project value.</p>
<p>Estimated Cost and Level of Effort by Task As part of the cost proposal, provide estimated costs for each task of a project.</p>
<p>Project Description Provide narrative descriptions of the following topics, in the order listed, as an attachment to the NRC Form 189. If an item is not applicable, so state and provide an explanation.</p>
<p>Background Provide a brief summary of the technical problem/issue, as presented in the NRC SOW.</p>
<p>Objectives of Proposed Work State concisely the performing organization's understanding of the objectives and the results to be accomplished.</p>
<p>Work To Be Performed and Expected Results Provide a description of the tasks to be accomplished and the resulting end products or deliverables, as follows:</p>
<p style="font-size: small;">NRC FORM 189 (8-1996) PRINTED ON RECYCLED PAPER</p>

Volume 11, Procurement
NRC Procedures for Placement and Monitoring of Work With the
U.S. Department of Energy (DOE)
Handbook 11.7 Exhibits

Exhibit 3 (continued)

Work Required

Describe the tasks and subtasks to be performed in such a manner that an informed, disinterested third party will understand what is to be done and when and how it will be accomplished during the period of performance for the level of effort proposed. Provide the performing organization's understanding of how end products and/or deliverables are expected to be used to regulate the nuclear reactor industry. Describe in detail any assumptions made in formulation of the proposal. Provide criteria or other bases upon which evaluations, judgment, or other action will be taken. Describe potential problems and recommended solutions. Identify any actions that require NRC involvement or decisions that affect milestones to be achieved. Provide dates by which information or action by NRC is required.

Proposed Personnel

For each individual or subcontractor proposed to perform this effort, provide a current resume and proposed specific authorities and responsibilities for this effort.

Meetings/Travel

Under the Joint Federal Travel Regulations, first class air travel is prohibited. Submission of an NRC Form 445 at least 60 days in advance of the proposed travel is required. (See Management Directive 14.1 [formerly Manual Chapter 1501, "Official Travel"] for further information on both domestic and foreign travel.)

If travel other than that required by the NRC SOW is proposed by the laboratory, the above information shall be provided, together with a detailed explanation of the need.

NRC Furnished Materials

The performing organization shall list any equipment, background reports/data, or other specific material(s) that are not listed in the SOW but are considered necessary for performance of the work described in the NRC SOW. NRC will determine necessity and/or availability and provide confirmation in the NRC Form 173.

Relationship to Other Projects

Summarize the results of prior or current efforts on similar and/or related projects. Identify related projects that either (1) generate information that will be required to accomplish the work described in the NRC SOW for this project, or (2) will utilize information generated from this project, or (3) support a common objective.

Reporting Requirements and Schedule

Provide the performing organization's understanding and acceptance of the reporting requirements, including number, type, report format, content, and schedule, as required by the NRC SOW.

Subcontractor/Consultant Information

Describe any technical support effort that is proposed to be performed by a subcontractor or consultant. Identify the level of effort, by task, of any proposed subcontractor or consultant and provide an explanation of the need for subcontracting that portion of the effort. Note that "pass through" contracting is not allowed under the requirements of the DOE/NRC Memorandum of Understanding. For purposes of this effort, a "pass through" contract is generally defined as when the subcontractor performs the majority of the effort.

For any subcontract or consultant effort, describe the following, as appropriate:

- the necessity of subcontracting.
- the tasks and subtasks the subcontractor or consultant will perform.
- the level of effort proposed for the subcontract effort.
- the status and expected time frame for selection.
- the method of selection of the subcontractor or consultant.

Special Facilities, If Required

Describe any new special facilities required to perform the project.

Conflict-of-Interest Information

Describe any work proposed that is the same or similar to this effort and that is to be performed either by the performing organization or by a proposed subcontractor or consultant on behalf of the nuclear industry that might give rise to an apparent or actual organizational conflict of interest. Describe any other known issue or problem regarding any proposed subcontractor or consultant that NRC should consider before approval of the subcontractor or consultant.

Classification or Sensitivity, If Applicable

Note the level of security classification or sensitivity expected in the work to be performed, as shown in the NRC SOW.

Spending Plan (SP)

For each new project or task order that exceeds 6 months in duration, provide planned monthly spending for each element of cost shown as part of the laboratory cost proposal. An SP is not required for establishing the task order agreement.

Updated SP information is required as part of the monthly letter status report.

The attached SP format provides spaces to report projected costs for 12 months. The performing organization may wish to alter the format on a case-by-case basis for shorter or longer periods.

Approval Authority

The proposal shall be signed by an appropriate DOE performing organization individual with authority to make commitments for the performing organization and DOE Operations Field Office Representative.

Forecast Milestone Chart

Indicate cost and schedule time frames as they apply to the individual tasks within the scope of the project. Use weeks, months, quarters, or years as necessary. Extend the length of the format if more than five tasks are identified.

Exhibit 4
Associate Competition Advocate Designation
Memorandum

MEMORANDUM TO: (Name)

FROM: (Name), Director or Designee

SUBJECT: APPOINTMENT OF (DIVISION ACRONYM OR NAME) ASSOCIATE
COMPETITION ADVOCATE

Reference: Management Directive 11.7, "NRC Procedures for Placement and Monitoring of
Work With the Department of Energy (DOE)"

Pursuant to the referenced agency procedures, I appoint you as the (division name or acronym) Associate Competition Advocate (ACA) for DOE laboratory projects.

The ACA's responsibilities are—

Reviews the NRC Form 367, "DOE Source Selection Justification," and the project Statement of Work (SOW) to—

- ensure that the narrative fully supports one or more of the justification criteria listed in MD 11.7,
- ensure that the basis for the justification, that is, the facts and rationale presented, support the conclusion that the work should be placed with DOE and/or its laboratory/ technology center.

When appropriate, recommends alternate sources to accomplish the work.

Reviews project(s) with an average annual estimated cost of \$1 million or more to ensure that work does not unnecessarily duplicate or overlap with other NRC projects already proposed, in progress, or completed.

Recommends to the office Designating Official approval or disapproval of placing the work with DOE/laboratory/technology center on the NRC Form 367.

cc: Division of Contracts

Exhibit 5 File Review Checklist

REVIEW OF PROGRAM OFFICE DOE PROJECT FILES TO DETERMINE COMPLIANCE WITH MANAGEMENT DIRECTIVE 11.7

DC REVIEWER _____ PROGRAM OFFICE REVIEWED _____ DATE _____
PROJECT MANAGER _____ DATE CERTIFIED: _____

Specific Review Criteria	Yes	No	Not Complete	Revise	N/A	Comments
1. Preaward Phase/A. Review of Project SOW Are tasks well defined, succinct, and clear as to purpose?						
Is there a period of performance stated?						
Are required reports & other deliverable products & schedules stated?						
Does SOW reflect performance-based contracting techniques?						
B. Adequacy of Justification to Place Work w/DOE Did PM support the selected criterion?						
Did the Associate Competition Advocate perform a review of the justification?						
Did the office director or designee approve the justification?						
For project/modifications w/ an average annual estimated cost of \$1M or more, was project sent to Director, DC, for review & approval?						
Was sources-sought review conducted?						
C. Other Required Reviews Did OIS review & approve work order involving IT resources?						
Did Director, OIS, approve requirements analysis & analysis of alternatives when IT resources are to be delivered to the NRC or NRC designee?						

Page 1 of 6

Exhibit 5 (continued)

Specific Review Criteria	Yes	No	Not Complete	Revise	N/A	Comments
Did the Associate Competition Advocate circulate the project among appropriate offices for duplication review for project w/ an average estimated cost of \$1M or more?						
D. Independent Government Cost Estimate (IGCE): Was an IGCE developed for projects with a cost of \$100K or more?						
E. Conflict-of-Interest Consideration Did the PM review and analyze laboratory-submitted information regarding organizational conflict of interest?						
Was action taken to ensure that the potential for conflict of interest was eliminated?						
F. Subcontracting Any evidence of flow-through contracting?						
Did laboratory proposal break out subcontract costs when such costs exceeded 25% of total project costs?						
Did PM evaluate subcontractor information (résumés, personnel, costs)						
G. Evaluation of Laboratory Proposal Did PM evaluate laboratory technical approach?						
Did PM identify problem areas or ambiguities in the preliminary proposal?						
Did PM use NRC Form 558, "Summary of Proposal Evaluation," to evaluate the laboratory proposal?						
Any evidence that PM compared laboratory proposal to IGCE regarding level of effort and skill mix?						

Exhibit 5 (continued)

Specific Review Criteria	Yes	No	Not Complete	Revise	N/A	Comments
Did PM develop technical and cost questions for negotiation discussions to eliminate proposal ambiguities, errors, and omissions?						
Is there evidence that evaluation of past performance of the laboratory was completed prior to award of the order?						
H. Negotiation Discussions Did the summary of negotiations address the major issues discussed during negotiations?						
Did the summary of negotiations address agreements reached?						
I. Request for Final Proposal and Award of Agreement Did PM ensure request for final proposal was requested, received and analyzed?						
Were funds certified on NRC Form 173?						
Was an NRC Form 173 signed by both parties?						
II. Contract Administration Phase J. MLSR Review Do MLSRs contain information required by MD 11.7?						
Is there evidence that the PM analyzed the MLSR? - Use NRC Form 552 for MLSR review						
- Response to technical/cost information						
- Action taken to remedy a problem with technical progress, schedule, a deliverable, or personnel.						
Is there evidence that meetings were conducted with the laboratory to discuss problems or progress?						

Exhibit 5 (continued)

Specific Review Criteria	Yes	No	Not Complete	Revise	N/A	Comments
Did laboratory provide an updated spending plan when required?						
Did laboratory provide required information on property acquired over \$5,000?						
Is there evidence that appropriate documents have been placed into ADAMS?						
Has a performance evaluation been conducted annually?						
K. Voucher Review Did PM compare MLSR amount with voucher as part of voucher review process for approval/disapproval of voucher? Was form signed by PM?						
Were problems annotated on voucher?						
Did PM provide a rationale for a chargeback?						
When a problem area arose (e.g., MLSR amount did not match voucher amount, unsatisfactory technical progress), did PM discuss and document the issue and its resolution?						
Was a voucher/expenditure log or similar record use to record obligations and expenditures?						
L. Project Modification / Task Orders For new work, did PM prepare a justification for DOE source selection?						
Did justification receive appropriate approvals?						
Was an IGCE prepared for actions valued at \$100K or greater?						

Exhibit 5 (continued)

Specific Review Criteria	Yes	No	Not Complete	Revise	N/A	Comments
Is SOW succinct? Did it contain delivery schedules? Are deliverable products clearly identified? Is it performance-based?						
Did PM request and evaluate preliminary proposal?						
Did PM document agreements in a "Summary of Negotiations" (NRC Form 555 or memo to file)?						
Did PM request, receive and analyze the final proposal?						
Were funds certified where appropriate on NRC Form 173?						
Did NRC Form 173 properly identify work to be done (SOW), period of performance, etc.?						
M. Technical Direction Evidence of documenting technical direction given to laboratory by PM						
N. Stop Work/Termination of Project Did PM, after trying to resolve problem, issue a stop-work order?						
Was project terminated properly? - Termination proposal requested and evaluated? - Remaining funds promptly deobligated?						
O. Closeout of Project Did PM complete a written evaluation of laboratory performance to include performance of project work requirements, quality of work performed, timeliness of work, and cost effectiveness?						
Did PM reconcile funds?						

Exhibit 5 (continued)

Specific Review Criteria	Yes	No	Not Complete	Revise	N/A	Comments
Did PM deobligate unexpended funds in a timely fashion?						
Did PM complete the closeout checklist?						
P. Property Management Did PM ensure that laboratory proposal included a description of property of \$500 or more proposed to be acquired?						
Was proposed property agreed to?						
Did laboratory submit a written request to acquire additional property, i.e., property over and above that negotiated?						
Did DOE submit a closeout property report?						
Did the PM ensure that the required property utilization review was accomplished?						
Was a "Property Transfer Request" NRC Form 493 completed for property transferred to another NRC project?						
Did PM ensure a NRC Form 173 was issued that stated the final disposition of property?						

G:\DCI\Cucra\DOEFILEREVIEWSHEET sept 06.wpd

Exhibit 6

Statement of Work Sample

For all agreements and task orders, the SOW must contain the following information:

Basic Project Information

Project Title:

Job Code No.

B&R (Budget and Reporting) No.

BOC (Budget Object Classification) Code

TAC () No.: (If work is fee-recoverable)

Docket No.: (If work is fee-recoverable)

Fee-Recoverable or Non Fee-Recoverable

NRC Issuing Office

NRC Project Manager's Name

NRC Project Manager's Telephone No.

NRC Technical Project Manager(s)' Name(s)

NRC Technical Project Manager(s)' No.

Background

Provide—

- a brief statement of the purpose of the work set forth in clear, specific, and objective terms with measurable outcomes (performance-based) and discussions of pertinent work previously accomplished, technical problems, suggested and expected results,
- explanations or constraints necessary to understand the requirement, such as how the requirement arose and its relationship to previous, concurrent, and future programs, and any details that reveal the purpose and significance of the requirement,
- a brief discussion of the various aspects of the technical problem requiring solution, and/or
- the importance of the new work, along with techniques that have been tried and found effective.

Exhibit 6 (continued)

References

Provide reference by document number(s) and title(s) to all applicable documents invoked elsewhere in the SOW. When applicable, reference Government regulations and codes that are mandatory. Include the chapter and section to pinpoint what is applicable to this SOW.

Objective

Describe the expected results to be obtained, with a description of how the end product(s) will be used in the regulatory process.

Scope of Work

Detail the specifics of what NRC needs to have and what the end product(s) will be. Explain all of the tasks involved and whether they are to be performed concurrently or sequentially.

Performance-based: Ensure that all aspects of the project are structured around the purpose of the work to be performed rather than either the manner by which it is to be done or broad and imprecise information.

- Describe requirements in terms of results required rather than the methods of performance of the work.
- Describe measurable performance standards (i.e., terms of quality, timeliness, quantity, etc.) used to assess work performance
- Describe the performance assessment plan, if applicable

Technical and Other Special Qualifications Required

Specify the labor categories and any special expertise required to perform the proposed effort. Address site access requirements.

Meetings and Travel

List both domestic and foreign travel/meetings.

As a minimum, for each trip/meeting, the SOW should include the following:

Approved: March 26, 2002

E-19

(Revised: March 2, 2007)

Exhibit 6 (continued)

- (1) Trip purpose,
- (2) Destination,
- (3) Number of people,
- (4) Number of days, and
- (5) Deliverables required, that is, a trip report or other deliverable.

Deliverables, Schedule, and/or Milestones — Monthly Letter Status Report

Deliverables should be itemized with schedule or milestone due dates included. Due dates or milestones for NRC-required actions should also be included.

If foreign travel is involved, remember foreign travel for the performing organization personnel needs the same lead time for NRC staff foreign travel approval. Be sure to include the NRC Form 445 as a deliverable with a delivery date that includes adequate time for prior approval of foreign travel.

As a minimum, monthly letter status reports (MLSRs) and the final report must be listed as SOW project deliverables. The sample format and content requirements are included under Exhibit 7. The SOW shall state who will receive the MLSR in the program office, if the report should be transmitted electronically, and that copies shall be sent electronically to the Division of Contracts.

Example:

Deliverables/Schedule

The _____ organization shall provide all required deliverables to the NRC TPM in accordance with the anticipated schedule below for review and comment. The NRC TPM will provide comments to the contractor's project manager no later than (NLT) the number of days specified below. Comments will be provided to the contractor's project manager by e-mail whenever possible. If adjustments to this schedule are required, the revised dates agreed upon by the contractor and the TPM will be incorporated into this order via a formal modification to this agreement.

Exhibit 6 (continued)

XXX shall provide a Draft Training Outline	NLT 30 days from the commencement of this agreement.
The NRC TPM shall review and provide comments on the Draft Final Training Outline	NLT 10 working days after receipt of Draft Training Outline
XXX shall provide a Final Training Outline	NLT 20 working days after receipt of NRC comments on the Draft Final Training Outline

(Performance-based: describe in detail the performance/deliverable that is required to ensure expectations are met.)

Level of Effort

In estimated staff years by task, specify the estimated level of effort for the project. If a particular expertise is required for performance of the work, this requirement should also be specified.

Example:

Task 1 - The level of effort is 3 staff years of a geologist's time.

Task 2 - The level of effort is 1 staff year each of both a geologist's and a seismologist's time.

Period of Performance

Provide the project performance start date and end date.

Note: Often the exact start date is difficult to define. It depends upon the outcome of negotiations with the laboratory. In those cases, the start date can be defined as "the effective date of the agreement". The effective date is the date when both NRC and DOE have signed the agreement. The end date can be stated as either a calendar date or "x weeks" from the start date.

Technical Reporting Requirements

Provide a description of any special technical reports and their content.

Exhibit 6 (continued)

NRC-Furnished Material

Make sure handling of NRC-furnished documents and/or materials is covered. Identify specific reports, journals, documents, equipment, or other items that NRC intends to provide to the performing organization so that the performing organization can perform the specified work. Identify the date this material will be provided by NRC.

Performing Organization Acquired Materials

NRC does not pay for the basic infrastructure of the laboratories. If there is a need for the laboratory to purchase equipment that will be used specifically to perform NRC's work, NRC must be notified in writing before the actual purchase. NRC rules about the purchase of IT equipment apply. See the NRC office IT coordinator.

Organizational Conflict of Interest

DOE recognizes that Section 170A of the Atomic Energy Act of 1954, as amended, requires that NRC be provided with disclosures on potential conflicts when NRC obtains technical, consulting, research, and other support services. DOE further recognizes that the assignment of NRC work to DOE laboratories must satisfy NRC's conflicts standards. Accordingly, when NRC enters into an agreement with a DOE laboratory to perform work for NRC, and during the life of the agreement, the laboratory and the operator of the laboratory shall review its current work, planned work and, where appropriate, past work (generally 5 years), (i) in the same technical area and (ii) on the same or similar matter as the NRC project scope of work, for DOE and other organizations (including but not limited to NRC licensees, vendors, industry groups, or research institutes that represent or are substantially comprised of nuclear utilities). Should that review reveal current or planned work for DOE or others in the same technical area, or on the same or similar matter as this NRC project, the laboratory shall provide the name of the organization, the estimated dollar value, and the period of performance of the work identified, as well as descriptions of such potentially conflicting present, planned, or past work to NRC. The requirement to obtain information describing applicable work extends to any subcontractor the laboratory intends to use.

Exhibit 6 (continued)

Other Considerations

Systems Development

The PM, after consultation with the Office of Information Services, shall include specific language in the SOW addressing computer security and quality assurance if software or hardware systems development is contemplated under a laboratory work project.

In addition, any systems developed by a laboratory must be in a format compatible with NRC equipment and software.

Exhibit 7

Monthly Letter Status Report Requirements

SOW Attachment

Page 1 of 10

A monthly letter status report (MLSR) must be submitted to NRC by the 20th of each month. The MLSR shall be delivered to the NRC project manager. Distribution of additional copies of the MLSR also shall be stated in the work order. The MLSR shall, as a minimum, contain the information required below. If the project is awarded as a task order agreement, a separate MLSR shall be submitted for each task order with a summary project MLSR.

The MLSR must include the following: the full name and address of the performing organization; the job code number and the title of the project; the principal investigator's name and full telephone number; and the project period of performance, the task assignment periods of performance, and the reporting period. Financial information must be provided on each individual task under project job code numbers and by individual task order under basic task order agreements.

A project may be omitted from the performing organization's MLSR following NRC's determination that all work is completed and that the final cost information is acceptable. However, the final MLSR for the project must be included in the performing organization's monthly activities report covering the last month of NRC's fiscal year.

It is acceptable to indicate in the MLSR that the project was inactive during the reporting period if a previous monthly activities report that contained the latest financial and progress status information is referenced.

As a minimum, the MLSR must include the following sections:

Objective

Provide a brief statement of the performing organization's understanding of the objective(s) of the program/project.

Exhibit 7 (continued)

Attachment
Page 2 of 10

Progress During Reporting Period

For each task and/or task order, provide a clear, concise discussion of the work performed during the reporting period. As a minimum, these discussions must include sufficient detail to support the costs reported for the period. Progress reported as "worked on all tasks" is not acceptable. Names and dates of meetings and conference calls must be included. In addition, the current status of each task shall be identified.

Travel

Travel taken during the reporting period must be fully described and must include, as a minimum, the purpose of the travel, whether prior NRC authorization was required and obtained, the identity of all travelers, beginning and ending dates of the travel, and the origin and destination points. If portions of the travel costs are split between projects, the appropriate corresponding job code number must be identified.

Anticipated and Encountered Problem Areas

Problems both encountered during the reporting period and anticipated for the next period(s) must be identified.

Discussion of problems encountered during the reporting period must include the actual solution or, if action is not implemented by the time of report issuance, the proposed solution. The status of the problem shall be updated in subsequent MLSRs until problem resolution is achieved and reported. **Note:** The person(s) and/or organization(s) with responsibility for action to address the problem must be clearly identified. In the event that NRC is required to take action, a separate letter to the appropriate NRC individual must be transmitted.

Problems or circumstances that require a change in the level of effort or estimated cost, scope of work, or travel requirements shall be discussed. **Note:** A separate letter identifying the need for a modification must be sent to the office as soon as the problem is identified. Such notification must not be delayed until issuance of the MLSR.

Exhibit 7 (continued)

Attachment
Page 3 of 10

Anticipated and Encountered Problem Areas (continued)

Reminder: Changes to the statement of work (SOW) that constitute new assignments of work or changes of such a nature as to justify an adjustment in overall cost or period of performance may only be authorized by the appropriate official. See Part V of this handbook.

Plans for the Next Reporting Period

A discussion of the work to be performed and a description of anticipated travel must be provided. Milestones that will be completed during the period must be described. Note: Where prior NRC travel authorizations are required, a separate notification must be written to NRC.

Variance

Any variance in either schedule or spending rate must be identified and discussed in detail. Discussion must include the cause for the variance, together with any proposed solution to bring the dates and cost within planned dates and amounts.

Financial Schedule Status

In addition to the financial status information reported in the format shown in the "MLSR Financial Status Report Format" section of this exhibit, a narrative description of the financial status of the project must be provided. Statements such as "See attached financial status" are not acceptable. A discussion of the status of the projected cost and schedule of the project must be included. If the projected actual cost is expected to be greater than or less than the planned cost and/or if the schedule is projected to be longer than or less than the planned schedule, a discussion of the reasons for the differences must be provided. Actions to mitigate any delays in schedule and/or increases in cost shall be thoroughly described.

Exhibit 7 (continued)

Attachment
Page 4 of 10

Financial Schedule Status (continued)

Encumbered costs shall be noted and briefly described.

Spending Plan Update

The spending plan agreed to by the parties for projects and task orders shall be included in the initial MLSR. Thereafter, the spending plan shall be updated in the MLSR when incurred costs (cumulative to date) vary by 20 percent or more from planned spending (cumulative to date).

DOE Laboratory Acquired Property

Report property including software acquired for the project during the month with an acquisition cost of \$500 or more. Provide the following information for each item of property: item description, manufacturer, model number, serial number, acquisition cost, receipt date, and DOE or laboratory property identification number, when appropriate. If no property was acquired during the reporting month, include a statement to that effect in the MLSR.

In the final MLSR for the project, provide a closeout property report certifying that property (excluding software) with an acquisition cost of greater than \$5000, as well as sensitive property acquired under the NRC project, is included in the DOE official property records and that the list is complete. For each item listed, the report shall contain item description, manufacturer, model number, serial number, acquisition or development cost, receipt date, and DOE or laboratory property identification number, when appropriate. The closeout property report also shall identify any ongoing or contemplated NRC projects on which the property could be utilized. If no property was acquired under a project, provide a negative report. Note any property requiring special handling for security, health, safety, or other reasons as part of the report.

Exhibit 7 (continued)

Attachment
Page 5 of 10

NRC-Funded Software Developed

Report NRC-funded software with a useful life of 2 years or more and a development cost of \$5,000 or more in the month the development is completed. Provide the following information for each item of NRC-funded software:

- Software name and functions (i)
- Development cost (ii)
- Computer language used (iii)
- System on which it will operate (iv)
- Physical location of the software and/or the hardware system (v)
- Date the development of the software was completed (vi)
- Date of scheduled replacement or projected useful life (If none can be determined, use a date 5 years from the date the software became operational.) (vii)

Exhibit 7 (continued)

Attachment
 Page 6 of 10

MLSR
 Financial Status Report Format
 MONTH, YEAR

Job Code Number*
 Title:
 Project/Task Order Agreement Period of Performance From _____ To _____

Task Order Number**
 Task Order Title
 Task Order Period of Performance From _____ To _____

Total Project Ceiling Amount \$
Total Funds Obligated to Date \$
Total Current Fiscal Year Ceiling Amount \$
Total Funds Obligated Current Fiscal Year \$

Direct Staff Effort (Hours Expended by Labor Category)

Current Cost-Incurred Status to the Nearest Dollar

	Current Month	Fiscal Year To Date	Cumulative Project To Date
Direct Labor, Labor Categories			
Overhead			
Materials and Services***			
Travel Expenses			
Subcontracts/Consultants†			
Other			
General and Administrative			
Subtotal	\$ _____	\$ _____	\$ _____
DOE Added Factor			
Total Costs	\$ _____	\$ _____	\$ _____
Foreign Funds††			
Total Uncosted Amount	\$ _____	\$ _____	\$ _____
Percentage of available cumulative funds costed			% _____
Percentage of available current fiscal year funds costed			% _____

*Specialized internal account numbers may be added.
 **Individual financial status reports are required for each individual task order that has an estimated cost of \$100,000 or more and has a period of performance of 6 months or more. For task orders under these thresholds, only the total estimated cost is required.
 ***Also include a breakout of sensitive property and property with an acquisition cost of \$5000 or greater.
 †Include contract and purchase order dollar amounts. Provide cost breakdown by element of cost for subcontracts that exceed 25 percent of project costs.
 ††Portion of total costs charged to foreign funds.

Exhibit 7 (continued)

Attachment
 Page 7 of 10

Cost Totals by Project Task

Task

Direct Labor \$ _____

Total Estimated Cost \$ _____

Monthly Spending Plan Update

	1 st Month	2 nd Month	3 rd Month	4 th Month	5 th Month	6 th Month
Direct Costs	\$					
Indirect Costs	\$					
Total Estimated Cost	\$ _____	_____	_____	_____	_____	_____
Project Completion	%					

(Continue for entire period of performance.)

Cumulative Costs to Date \$ _____

Overall Funding Status

In thousands of dollars provide the totals for the following:

Prior FY Carryover \$
 FY xx Project Funding Level \$
 FY xx Funds Received to Date \$
 FY xx Funding Balance Needed \$
 Projected Carryover to Next FY \$

Total Estimated Project Amount \$ _____
Total Project Cumulative Amount \$ _____
Obligated Total Project Balance \$ _____
Needed Total Project Cumulative Amount Costed \$ _____

(For each task order, provide the same information listed above.)

Exhibit 7 (continued)

Attachment
Page 8 of 10

License Fee Recovery Cost Status

Pursuant to the provisions on fees of 10 CFR Parts 170 and 171, provide the total amount of funds costed during the period and fiscal year to date for each task or task assignment by facility or topical report. The License Fee Recovery Status Report must be on a separate page as part of the MLSR for the job code, and must be in the format provided on the following page. If no fee recoverable costs were incurred during the month, the laboratory shall so indicate by checking the appropriate block located on page 8 of this exhibit under "License Fee Recovery Cost Status."

NRC project managers (1) should state clearly in the SOW when requested work is fee-billable and (2) should check the "Yes" box on NRC Form 173 to identify fee-billable work.

There should be only one License Fee Recovery Cost Status (LFRCS) table per job code. Unit numbers, for example, Beaver Valley 2, should be identified for each facility included in each table, the facilities should be sorted by docket number, and costs should be reported as whole numbers rounded to the nearest dollar. For work that involves more than one unit at the same site, each unit should be listed separately and the costs should be split appropriately between the units. Common costs, as defined below, must be identified separately in the LFRCS table each month and must be divided among all plants worked on under the program during the month. The total of the period costs reported in the LFRCS table should equal the total of the period costs reported in the Financial Status section. In the event the totals of the costs reported in these two tables are not equal, an explanation for the variance should be given as a footnote to the LFRCS table.

"Common costs" are those costs associated with the performance of an overall program that benefit all similar licensees covered under that program or that are required to satisfactorily carry out the program. Common costs include costs associated with the following: preparatory or startup efforts to interpret and reach agreement on methodology, approach, acceptance criteria, regulatory position, or technical reporting requirements; efforts associated with the lead-plant concept that might be involved

Exhibit 7 (continued)

Attachment
Page 9 of 10

License Fee Recovery Cost Status (continued)

during the first one or two plant reviews; meetings and discussions involving the above efforts to provide orientation, background knowledge, or guidance during the course of a program; any technical effort applied to a category of plants; and project management. On a quarterly basis, the common costs for the quarter must be apportioned in proportion to the costs incurred during the quarter for each of the plants for which work was performed. Laboratories that are able to report common costs on a monthly basis shall do so. Common costs, at a minimum, shall be reported quarterly in the MLSR.

Exhibit 7 (continued)

Attachment
Page 10 of 10

**LICENSE FEE RECOVERY COST STATUS
(Sample Task Order)**

Job Code:

Title:

Period:

Report Title	Facility Name	Docket Number	Identification Number	Period Costs	Cumulative Costs This Fiscal Year
Common Costs*					
Task 1					
Task n					

No license fee recoverable costs were incurred during the reporting period.

*Common costs shall be reported on a quarterly basis in the MLSR at a minimum. Those laboratories that are able to report common costs on a monthly basis shall do so.

Exhibit 8
Information Technology (IT) Resources Review
(Optional)

For each question, circle "yes" or "no"

1. Does the statement of work (SOW) require delivery of IT resources to NRC or to an NRC designee? (If yes, skip 2-6 and answer 7; if no, answer 2.)

2. Does the accomplishment of any principal task depend directly on the use of IT resources? (If yes, answer 3; if no, skip 3-6 and answer 7.)

3. Does the SOW explicitly require the use of IT resources? (If yes, answer 4; if no, skip 4-6 and answer 7.)

4. Is the contractor's discretion in the purchase and management of IT resources substantially restricted by the SOW? (If yes, skip 5 & 6 and answer 7; if no, answer 5.)

5. Could the SOW deliverable(s) reasonably be performed or produced without the use of IT resources? (If yes, skip 6 and answer 7; if no, answer 6.)

6. Do the IT resources being obtained have an estimated cost greater than the lower of \$500,000 or 20 percent of the contract? (For yes or no, answer 7.)

7. Do the IT resources being obtained have an estimated cost of greater than \$10 million? (If yes, skip 8-10 and answer 11; if no, answer 8.)

8. Are the IT resources being obtained from commercial sources (a) either sole source or requiring a specific make or model **and** (b) at an estimated cost of greater than \$250,000? (If yes, skip 9-10 and answer 11; if no, answer 10.)

9. Are IT resources being obtained from a commercial source at an estimated cost of greater than \$2.5 million? (If yes, skip 10 and answer 11; if no, answer 10.)

10. Are IT resources being obtained for use on the contract, but **not** for delivery to the NRC or an NRC designee, that have an estimated cost of either (a) \$50,000 or more **or** (b) 10 percent or more of the total contract cost? (For yes or no, answer 11.)

11. If software is being ordered for delivery to NRC or an NRC designee, will its lifetime acquisition or contractor development cost be \$25,000 or more **and** will it have an expected useful life of at least 2 years? (For yes or no, answer 12.)

12. Will classified or sensitive data be processed? (Yes or no.)

Exhibit 8 (continued)

An alternatives analysis and an implementation plan are needed if "yes" was checked for questions 1, 7, 8, 9, or 10 or for the following combinations: questions 2, and 3, and 4 or questions 2, and 3, and 6.

Approval from the Office of Information Services (OIS) is needed if "yes" was checked above for questions 1, 7, 8, or 9.

Approval by the General Services Administration (GSA) is needed if "yes" was checked above for questions 7, 8, or 9. (For commercial contracts only.)

Approval by the Chief Information Officer (CIO) is needed if "yes" was checked above for questions 7 or 8.

Unique reporting requirements must be imposed in the SOW on the contractor to assure that cost data are later available to permit NRC to capitalize the software if "yes" was checked above for question 11.

If "yes" was checked for question 12, a security plan needs to be developed and the system must be certified and accredited.

Definitions

IT Resources (question 1) IT resources include computers or computer systems, related equipment (such as printers, disk drives, etc.) and software; telecommunications equipment and software, services for voice and data communications; services such as computer time, telecommunications, and database access; support services, including computer programming and analysis; data entry and maintenance; and analytical codes and simulators. For purposes of this form, IT supplies, such as printer ribbons and diskettes, are not considered IT resources. Software, support services, and supplies associated with imbedded equipment **are not** IT resources.

Delivery to the NRC (questions 1 and 11) IT systems, equipment, and software are considered to be ordered for delivery to NRC if NRC plans to take title to them at the conclusion of the contract. Analytical codes, regardless of their final disposition, are considered by NRC to be delivered IT resources.

Exhibit 8 (continued)

Commercial vs. Noncommercial Source (questions 8 and 9) Noncommercial sources consist of DOE work orders and other interagency agreements, educational grants, nonprofit grants and international agreements. All other sources are commercial sources.

Substantially Restrict Contractor's Discretion (question 4) If the SOW defines or restricts IT acquisitions to specific makes or models of equipment or software, the SOW is deemed to substantially restrict a contractor's discretion.

Lifetime Costs (question 11) Lifetime costs are the total cost of the software over its useful life. These costs include acquisition costs, initial development, modification or enhancement, and routine maintenance by sources other than NRC staff.

Contract/Contractor (questions 4 and 10) Any commercial or noncommercial source.

Exhibit 10
Letter Requesting a Revised DOE Laboratory Proposal
(Optional)

(date)

Manager
DOE Site Office or DOE Field Office

SUBJECT: _____ (NRC Project)
Job Code _____

We request a revised proposal from DOE's _____ National Laboratory for performance of the attached statement of work (SOW) under Job Code _____ for the Nuclear Regulatory Commission.

Negotiation of project's cost, terms, and conditions between the NRC, DOE _____ National Laboratory, and DOE (cognizant operations office) concluded on _____.

The revised technical and cost proposal shall reflect the agreements reached by the parties.

The laboratory shall use NRC Form 189, "DOE Laboratory Project and Cost Proposal for NRC Work," for its cost proposal. The cost proposal shall reflect any change to the spending plan as a result of negotiations.

The revised proposal must be submitted within 30 calendar days from receipt of the request for a revised proposal.

The request for a revised proposal is not an authorization to start work.

The proposal should be sent in an original and _____ copies to U.S. Nuclear Regulatory Commission, Attn: _____, Office of _____, Division of _____, Mail Stop _____, Washington, DC 20555-0001.

Exhibit 10 (continued)

Questions concerning this request should be addressed to _____
_____, on (area code) + (telephone number) _____.
Thank you for your assistance in this matter.

Sincerely,

_____, Office Director
Office of _____

Enclosure:
Statement of Work

cc:
(Director of NRC Programs, _____ National Laboratory)
(_____ Laboratory Program Manager)

CONCURRENCES ON LETTER: (As required by office policy)

Exhibit 11
Sample Transmittal Letter for Standard Order
for DOE Work
(Optional)

(date)

Manager
DOE Site Office or DOE Field Office
U.S. Department of Energy

SUBJECT: _____ (NRC Project) _____ under
Job Code _____

Enclosed is NRC Form 173, "Standard Order for DOE Work," which provides authorization to perform the subject effort. Performance must be in accordance with the enclosed SOW and the DOE final laboratory proposal dated _____, which is incorporated herein by reference.

Work under this effort shall begin on _____ and end on _____. Acceptance of this work should be made by execution of the enclosed NRC Form 173 in the space provided. The signed NRC Form 173 must be returned to the NRC Division of Financial Services, Office of the Chief Financial Officer, within 10 workdays, with a copy sent to this office.

Sincerely,

Office Director
Office of _____

Enclosures:

1. NRC Form 173
2. Statement of Work
3. NRC Form 187 (if applicable)

cc: DFS/OCFO
(DOE Site Office or DOE Field Office)
(Laboratory Program Manager)

Exhibit 12

"Approval for Interagency Billing — DOE," Office of the Chief Financial Officer

REPORT ID: RUN DATE:	U.S. NUCLEAR REGULATORY COMMISSION APPROVAL FORMS FOR INTERAGENCY BILLINGS ACCOUNTING PERIOD MAY FY06	PAGE 1	TIME:
CO440C			
DIVISION: PROGRAM OFFICE CONTACT: JOB:	ADM NELSON, R.C. D2418		
JOB	BARR	OBLIGATION DOCUMENT	BILLING OFFICE
D2418	5-4015-582906	DE D241805	DOE/EA 2
RULEMAKING INFRASTRUCTURE ACT		LAWRENCE LIVERMORE NATIONL LAB	
		DESCRIPTION	DIRECT DISBURSEMENT
		APRIL COSTS	185.00 EO 08281538
			001
		CURRENT AMOUNT	185.00

		CURRENT AMOUNT TOTAL	185.00
I HAVE REVIEWED PAYMENT OF THESE CHARGES TO DETERMINE WHETHER THE CHARGES ARE WITHIN THE SCOPE OF THE STATEMENT OF WORK, ACCURATELY REFLECT WORK PERFORMED, AND ARE SUPPORTED BY DELIVERABLES, STATUS REPORTS, OR OTHER APPLICABLE DOCUMENTS THAT HAVE BEEN RECEIVED.			
REVIEWED BY:	SIGNATURE	DATE	CHECK ONE: <input type="checkbox"/> I APPROVE IN FULL. <input type="checkbox"/> I DISAPPROVE IN FULL AND REQUEST A CHARGEBACK. PROVIDE AN EXPLANATION.
			<input type="checkbox"/> I DISAPPROVE PART OF THE CHARGES. INDICATE LINES DISAPPROVED AND PROVIDE AN EXPLANATION. I REQUEST A CHARGEBACK IN THE AMOUNT OF: _____
	TITLE-PROJECT MANAGER		
EXPLANATION FOR THE CHARGEBACK:			
IF AN AMOUNT IS DISAPPROVED:			
I HAVE DISCUSSED THIS ISSUE WITH _____ (DATE OF NOTIFICATION), AND INFORMED THIS PERSON THAT A CHARGEBACK WILL BE TAKEN BY THE NRC. _____ (OTHER AGENCY CONTACT), _____ (TELEPHONE NUMBER)			
ALL FORMS MUST BE SIGNED AND RETURNED TO THE PAYMENT POLICY AND OBLIGATION TEAM, MAILSTOP T-9H4, IN A TIMELY MANNER TO ENSURE PROPER FINANCIAL CONTROL.			

Exhibit 13
Disposition of DOE Laboratory-Acquired Property
(Optional)

Job Code: _____
Office: _____
Date: _____

**(Following internal office review for utilization, complete and forward to
Division of Contracts (DC), Office of Administration (ADM))**

TO: Team Leader, Procurement Oversight Team, ADM

Attached is a list of the property acquired by a DOE laboratory under the job code listed above. The internal utilization review has been completed, and this office has determined that it—

_____ has no need for the property acquired under the job code listed above

_____ can utilize item(s) on other internal DOE laboratory projects (The job code and corresponding laboratory (if different) to which the property will be transferred have been annotated on the attached list.)

_____ can utilize item(s) on other non-DOE projects (The job code to which the property will be transferred has been annotated on the attached list. This office will notify DOE, with a copy to DC/ADM, to transfer title of the property to NRC under NRC's right of first use.)

_____ can utilize property for internal agency use

_____ recommends that because of circumstances, that is, obsolescence or condition of equipment, DOE be notified that NRC does not wish to exercise its right for first use of the items(s) (Note on the attachment the pertinent item(s).)

Office Representative Signature

Exhibit 14 Electronically Reporting Cost Data

Electronic reporting of selected cost data will allow this information to be rapidly and accurately incorporated into NRC databases for multiuser access and to produce automated reports and analyses. Cost data to be reported electronically should only cover the work period in the latest work order. These costs include total estimated costs for each month, total actual costs for each month, and project totals for carryover funds and encumbered funds. Electronically transmitted data must match the comparable information reported in the monthly letter status report (MLSR). When funds from foreign contributions are added to an existing project, a unique job code is used and the total actual monthly costs charged against those foreign funds must be reported electronically as a separate record.

Electronic cost data may either be transmitted to NRC in a consolidated format through DOE or transmitted from each laboratory. Acceptable transmission methods are to be arranged between NRC and DOE. If the data are transmitted from the laboratories, separate transmissions should be provided individually to the Offices of Nuclear Regulatory Research (RES), Nuclear Reactor Regulation (NRR), and Nuclear Material Safety and Safeguards (NMSS). Regardless of the method of transmission, data are to be sent the 15th workday of the month following the month for which new actual costs are being reported.

Monthly costs and other pertinent data shall comport to the following database structure:

Field Name	Field Type	Description
1. Job Code	A5*	This is the NRC project identification number. (Previously referred to as a financial identification number [FIN].)
2. Task No.	A2*	This is the NRC task order number for those projects established on a task order basis. (Leave blank if not a task order project.)
3. Doc No.	A7*	This is the docket number which relates to a specific plant name. (Leave blank if not a docket number project.)

Exhibit 14 (continued)

Field Name	Field Type	Description
4. TAC No.	A6*	This is the technical assignment code for licensing actions, other licensing activities, other docket-related activities, non-docket related activities, and support/overhead. (Leave blank if not used.)
5. Insp No.	A5*	This is the docket-related inspection number assigned by the laboratory. (Leave blank if not used.)
6. Cal Year	S*	Calendar year (4 digits) of the estimated or actual cost.
7. Month	S*	Month number of the calendar year of the estimated or actual cost. (January = 1.)
8. Car Over	S	The amount of prior year obligations that were carried over to partially fund the current year's work.
9. Est Cost	S	Estimated monthly cost in thousands of dollars. These amounts will initially be those from the NRC-approved spending plan and will remain until the laboratory determines that the plan needs to be adjusted to reflect actual performance or better information about the future.
10. Enc Cost	S	That portion of the uncosted balance in thousands of dollars that has been encumbered to pay for goods and services on order.
11. Act Cost	S	Actual monthly cost in thousands of dollars.

Notes:

An asterisk indicates that these seven fields are keyed, which means only one record can have the same combination of the seven fields.

A5 indicates an alphanumeric type field having five characters.

S indicates a short integer type field (having a width of five for dBase files)

The next page is an example of how electronic input should appear. The example depicts two projects and the data reflect a transmission date of February 15, 1993, to report actual costs for January 1993.

Exhibit 14 (continued)

Notes: (continued)

The first project (A1234) is an ongoing project that has \$778,000 carried over from funds obligated in FY 1992, which is enough to fund 3 full months and part of January. A sum of \$450,000 was encumbered in November for a subcontract. A \$60,000 payment was made to the subcontractor in December. A relatively large cost is projected for September 1993, when payment for the balance of the subcontract is anticipated.

The second project (A1235) is to be completed in July 1993. It has \$495,000 carried over from FY 1992, enough to fully fund the first 3 months of FY 1993. A sum of \$19,000 was encumbered in October when computer equipment was ordered. The equipment was paid for in November.

Neither project involves a Task Order, a Docket Number, a TAC Number, or an Inspection Number, so these fields are blank.

Exhibit 14 (continued)

Job Code	Task No	Dock No	Tac No	Insp No	Cal Year	Month	Car Over	Est Cost	Enc Cost	Act Cost
(in thousands of dollars)										
A1234					1992	10	778	288	0	292
A1234					1992	11	778	143	450	143
A1234					1992	12	778	288	390	244
A1234					1993	1	778	289	390	288
A1234					1993	2	778	288		
A1234					1993	3	778	288		
A1234					1993	4	778	268		
A1234					1993	5	778	268		
A1234					1993	6	778	268		
A1234					1993	7	778	268		
A1234					1993	8	778	268		
A1234					1993	9	778	716		
A1234					1993	10	778	268		
A1234					1993	11	778	268		
A1234					1993	12	778	268		
A1235					1992	10	495	170	19	175
A1235					1992	11	495	165	19	169
A1235					1992	12	495	160	0	151
A1235					1993	1	495	160	0	212
A1235					1993	2	495	120		
A1235					1993	3	495	185		
A1235					1993	4	495	160		
A1235					1993	5	495	150		
A1235					1993	6	495	155		
A1235					1993	7	495	25		
A1235					1993	8	495	0		
A1235					1993	9	495	0		

Sample Input Data for Electronic Cost Reporting

Exhibit 15 Template for Waiver Requests

Template:

WAIVER OF COMMISSION REQUIREMENTS FOR AVOIDANCE OF ORGANIZATIONAL CONFLICT OF INTEREST FOR A PROJECT (AT DOE LABORATORY OR WITH DOE FACILITY OPERATOR)

This document discusses a waiver of potential organizational conflict of interest (OCOI) for the work being performed at (_____) under Job Code _____, entitled “_____.” For reasons described herein, the staff requests Executive Director for Operations approval of this OCOI waiver request to continue obtaining support from (DOE laboratory or DOE facility operator) in performing _____. (DOE laboratory or DOE facility operator’s) continued support is needed to

(Purpose)

Background:

Standard of Review: (see Handbook 11.7, Part 2, Section 2.11.3 - Cite Section 170A of the Atomic Energy Act.)

Waiver Justification: (Explanation of why the proposed work is vital to the agency.)

(Explanation of why only the DOE laboratory or DOE facility operator can perform the work.)

(Steps to be taken by the agency to mitigate the results of the DOE laboratory or DOE facility operator with an OCOI performing the effort.

If adequate mitigation cannot be achieved to neutralize the conflict, include findings that establish an OCOI cannot be adequately mitigated and a description of the extraordinary circumstances meriting use of the DOE laboratory or DOE facility operator whose performance gives rise to an OCOI.)

Exhibit 15 (continued)

Requested Action: Short summary

Since the activities being performed at (DOE laboratory or with DOE facility operator) are vital to NRC, can only be completed (by DOE laboratory or with DOE facility operator) under the current schedule (if adequately mitigated, add "and appropriate actions can be taken to mitigate the potential OCOI,") (if not mitigated, add "and an adequate justification was provided of the extraordinary circumstances meriting use of [DOE laboratory or DOE facility operator] whose performance gives rise to an OCOI"), the staff recommends that a waiver be issued to allow completion of this work.

Coordination: The Division of Contracts has concurred in this request and has no objection to granting this waiver. The Office of the General Counsel has no legal objection to approving this waiver.

Waiver Request: Approved _____ Disapproved _____

Luis Reyes
Executive Director for Operations

Date: _____

Exhibit 16
NRC/DOE Memorandum of Understanding



The Secretary of Energy
Washington, DC 20585

November 24, 1998

The Honorable Shirley Ann Jackson
Chairman
Nuclear Regulatory Commission
Washington, D.C. 20555-0001

Dear Madam Chairman:

Thank you for your letter of July 9, 1998. I am pleased to sign the enclosed updated "Memorandum of Understanding Between the Nuclear Regulatory Commission and the Department of Energy Governing Nuclear Regulatory Commission Funded Work Performed at the Department of Energy Laboratories."

Our organizations have had a long, close, and mutually beneficial relationship. This updated Memorandum of Understanding provides for continuation of that relationship and reinforces our commitment to your successful use of the Department's excellent research laboratories and capabilities to effectively meet your agency's missions and objectives. I look forward to maintaining these strong ties between our agencies through this Memorandum of Understanding and any future arrangements between our agencies.

Yours sincerely,

A handwritten signature in black ink that reads "Bill Richardson".

Bill Richardson

Enclosure

Exhibit 16 (continued)

**MEMORANDUM OF UNDERSTANDING
BETWEEN THE
NUCLEAR REGULATORY COMMISSION AND THE DEPARTMENT OF ENERGY

GOVERNING NUCLEAR REGULATORY COMMISSION FUNDED WORK
PERFORMED AT THE DEPARTMENT OF ENERGY LABORATORIES**

I. INTRODUCTION

Section 205(c) of the Energy Reorganization Act of 1974 authorizes NRC to utilize the research facilities and services of DOE and other federal agencies to assist NRC in the conduct of its regulatory mission. On February 24, 1978, the Nuclear Regulatory Commission (NRC) and the Department of Energy (DOE) executed a Memorandum of Understanding (MOU) which established overall management policy for an interagency relationship in the conduct of NRC programs. This longstanding and productive relationship has allowed each agency to more effectively meet its mission and objectives. This document supersedes the February 24, 1978 MOU.

II. AUTHORITY

The DOE is acting pursuant to authorities conferred in the Energy Organization Act, 42 U.S.C. § 7101 et seq. (42 U.S.C. § 7151), and the Atomic Energy Act of 1954, 42 U.S.C. § 2011 (42 U.S.C. §§ 2051, 2052, 2053). The NRC is acting pursuant to authority conferred in the Energy Reorganization Act of 1974, 42 U.S.C. § 5801 et seq. (42 U.S.C. § 5845 (b), (c), and (e)).

III. PURPOSE

The purpose of this MOU is to continue the unique statutorily founded relationship and to update overall management policy which governs the relationship between NRC and DOE in the conduct of NRC-funded research programs at the DOE laboratories. Specifically, this MOU provides for the following:

1. **Priority.** That NRC/DOE interagency activities will be conducted at DOE facilities based on a priority mutually agreeable to both agencies.
2. **Independent Access.** The NRC will have access to DOE's facilities as necessary to review and monitor project scope, schedule and funding.
3. **Communication.** That NRC and DOE will establish distinct lines of communication at various levels, as necessary, to ensure efficient and effective management of resources.

Exhibit 16 (continued)

2

This MOU does not cover those activities and projects described in the January 15, 1997, MOU, entitled, "Memorandum of Understanding between the Department of Energy and the Nuclear Regulatory Commission for Cooperation and Support of Significant Projects and Activities." It is intended that each MOU coexist concurrently with each other. This MOU also does not cover any activities associated with external regulation of DOE facilities by NRC. This MOU shall not be used to obligate or commit funds or as the basis for transfer of funds between the agencies.

IV. AGREEMENTS BETWEEN PARTIES

A. Business Practices Associated with NRC Work Performed by DOE Laboratories

All NRC funded work performed at the DOE laboratories shall be administered in accordance with standard NRC and DOE policies and procedures as agreed to and implemented by each agency. The DOE policies governing work for others are set forth in DOE order 481.1, Work for Others (Non-Department of Energy Funded Work). The NRC policies for work placed at DOE laboratories are set forth in NRC Management Directive 11.7, NRC Procedures for Placement and Monitoring of Work with the U.S. Department of Energy (DOE).

When NRC initiates proposed changes in MD 11.7 that may affect NRC work at DOE laboratories, NRC shall promptly furnish DOE copies of the proposed changes and obtain DOE's review and comments prior to issuing such proposed changes in MD 11.7. When DOE initiates proposed changes in DOE Order 481.1 that may affect NRC work at DOE laboratories, DOE shall notify NRC of those proposed changes and NRC shall promptly initiate conforming changes in MD 11.7 using the above procedures to the maximum practicable extent. Specifically, NRC Management Directive 11.7 ensures:

- that procedures for negotiating and managing agreements with DOE are consistent with sound business practices and contracting principles.
- the uniform application of an agency-wide standard of contract management of projects placed with DOE.
- that a framework exists for program management, control, administration, monitoring and closeout of projects placed with DOE.

B. NRC Dedicated Facilities

When an NRC dedicated facility is required for a project, NRC will plan, budget and fund feasibility and conceptual design studies, either through DOE or an NRC commercial contract. Upon the completion of the conceptual design stage for an NRC dedicated facility, the agencies will negotiate and execute an interagency agreement which identifies appropriate funding arrangements and procedures for detailed design and construction, related capital equipment, scope, schedule, and plans for future decommissioning or deactivation of the facility.

Exhibit 16 (continued)

3

Upon completion of an NRC program at a dedicated facility, the NRC will make a determination as to future need for that facility. If no further NRC need is established, and if DOE does not have need for the facility, it will be decommissioned or deactivated in accordance with the provisions of the interagency agreement for the project. The actual decommissioning work will be performed by DOE or its contractors.

C. Planning

1. Long Range Planning

NRC and DOE will cooperate to the extent necessary, on long range planning to ensure that all required research, technical assistance, facility and other associated expenses are properly budgeted by the respective agencies. When requested, either agency will assist the other in budget discussions with the Office of Management and Budget and the Congress in areas of mutual interest.

NRC, to the extent possible, will advise DOE of changes in program emphasis or agency budget changes which may have a significant impact on DOE Operations Offices and/or DOE laboratory employment levels. DOE will advise NRC of any plans that may have an adverse impact on NRC's projects and which could impair fulfillment of NRC's regulatory mission.

2. Program Planning Agreements

In order to accommodate the planning of research and development projects of mutual interest to NRC and DOE, the offices involved may enter into program planning agreements to establish a framework for cooperation and coordination of the technical activities of the two agencies in those areas of mutual interest. Such agreements may be used for advance coordination of major NRC research and development efforts involving the anticipated use of DOE laboratories. Program planning agreements shall be signed by the responsible NRC office director or designee and the responsible DOE office director or operations office director or designee. Program planning agreements shall not be used to obligate funds.

D. Information Management

1. Each agency recognizes that it is responsible for the identification, protection, control and accounting of information or data used or otherwise furnished in connection with this MOU in accordance with its established procedures. This consists of classified, proprietary, procurement-sensitive and safeguards information. Also included is Unclassified Controlled Nuclear Information as described by Section 148 of the Atomic Energy Act of 1954, as amended.

Exhibit 16 (continued)

4

2. In accordance with DOE procedures, DOE will be responsible for assuring that its contractors and subcontractors involved in NRC programs fully protect the types of information specified above.
3. Requests for foreign nationals for access to information or data furnished by NRC will be referred to NRC for disposition.

E. Organizational Conflicts of Interest

DOE recognizes that Section 170A of the Atomic Energy Act of 1954, as amended, requires that NRC be provided with disclosures on potential conflicts when NRC obtains technical, consulting, research and other supporting services. DOE further recognizes that the assignment of NRC work to DOE laboratories must satisfy NRC's conflicts standards.

Accordingly, when NRC enters into an agreement with a DOE laboratory to perform work for NRC, the laboratory shall review its current work, planned work and, where appropriate, past work for DOE and others to determine whether such work is in the same or similar area as the proposed NRC project. Should that review reveal current or planned work for DOE or others in the same or similar technical area as the proposed NRC work, the laboratory shall disclose such potentially conflicting work to NRC. NRC shall then determine whether a conflict would result and, if one does, determine, after consultation with the laboratory and DOE, the appropriate action NRC or DOE should take to avoid the conflict or, when appropriate under NRC procedures, waive the conflict.

F. International Affairs

The NRC will request, as necessary, participation of foreign nationals in the conduct of research work performed at DOE laboratories. All such requests shall be in writing and provide sufficient lead time for DOE Operations Office and headquarters review and approval. A copy of each request will be provided to the Office of International Science and Technical Cooperation in DOE, and to the Office of International Programs in NRC or their successor offices.

V. AGENCY INTERFACE

A. Establishment of Policy

The NRC Executive Director for Operations and the Under Secretary for DOE or designee will establish any additional required policy consistent with this MOU for the conduct of interagency interface, relationship and responsibilities.

Exhibit 16 (continued)

5

B. Administrative Matters

Administrative matters, including policy interpretation, and related issues are the responsibility of the following individual offices designated by each agency:

NRC

Office of Administration

DOE

Office of Laboratory Policy
Office of Energy Research

Representatives of these designated offices will meet as necessary to discuss and resolve any problems or issues which may affect either agency's ability to carry out the provisions of this agreement. If these representatives are unable to agree on a resolution, the matter will be raised through each agency's management chain, as necessary.

C. Routine Activities

The routine activities performed in accordance with this MOU are the responsibility of the DOE Operations Office in coordination with the NRC program or regional office. Therefore, every attempt should be made to resolve operational problems at the field level. When possible, a problem should be identified in writing. If a problem cannot be resolved at the field level, the matter will be raised through each agency's management chain, as necessary and appropriate.

VI. GENERAL PROVISIONS

A. NRC Field Office

1. NRC may establish field offices at DOE sites. The functions of an NRC field office are:
 - assignment of NRC personnel to dedicated facilities as necessary
 - monitor and review all NRC work at the site; and
 - act as an interface between the NRC headquarters and the DOE Operations Office

B. Effective Date

This MOU shall become effective upon the latter date of signature of the NRC Chairman or the DOE Secretary or their designees. This MOU shall remain in effect until terminated by mutual agreement or by written notice of either party submitted six months in advance of termination.

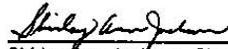
Exhibit 16 (continued)

6

C. Amendments to This MOU

This MOU may be modified or amended by written agreement between the NRC Chairman and the DOE Secretary, or their designees as appropriate.

FOR:
U.S. NUCLEAR REGULATORY
COMMISSION


Shirley Ann Jackson, Chairman

October 15, 1998
Date

FOR:
U.S. DEPARTMENT OF ENERGY


Bill Richardson, Secretary

November 24, 1998
Date

Exhibit 17

NRC Form 173, "Standard Order for DOE Work (SOEW)"

NRC FORM 173 (1-2000) NRCMD 11.7		U.S. NUCLEAR REGULATORY COMMISSION		ORDER NUMBER
STANDARD ORDER FOR DOE WORK (SOEW)				DATE OF ISSUANCE
This agreement is entered into pursuant to the authority of the Energy Reorganization Act of 1974, as amended (42 U.S.C. 5801 et seq.). This work will be performed in accordance with the NRC/DOE Memorandum of Understanding dated November 24, 1998. To the best of our knowledge, the work requested will not place the DOE and its contractor in direct competition with the domestic private sector.				
ISSUED TO: (DOE OFFICE)	ISSUED BY: (NRC OFFICE)	ACCOUNTING CITATION		
PERFORMING ORGANIZATION	DISTRIBUTION OF OUTGOING (NRC SIGNED):	APPROPRIATION SYMBOL		
JOB CODE TITLE	DISTRIBUTION OF INCOMING (DOE SIGNED):	B&R NUMBER		
		JOB CODE		
		BOC		
		PROJECT PERFORM. PERIOD		
		BEGIN	END	
		THIS FY FUNDING PERIOD		
		FROM	TO	
OBLIGATION AVAILABILITY PROVIDED BY:				
A. THIS ORDER				
B. TOTAL OF ORDERS PLACED PRIOR TO THIS ORDER WITH THE PERFORMING ORGANIZATION UNDER THIS JOB CODE FOR THIS FISCAL YEAR.				
C. TOTAL ORDERS TO DATE FOR THIS JOB CODE FOR THIS FISCAL YEAR.		(TOTAL A & B)		
STANDARD TERMS AND CONDITIONS ARE PART OF THIS ORDER UNLESS OTHERWISE NOTED (See NRC Management Directive 11.7).				
ATTACHMENTS THE FOLLOWING ATTACHMENTS ARE HEREBY MADE A PART OF THIS ORDER <input type="checkbox"/> STATEMENT OF WORK <input type="checkbox"/> ADDITIONAL TERMS AND CONDITIONS <input type="checkbox"/> OTHER (Specify)		SECURITY <input type="checkbox"/> WORK ON THIS ORDER INVOLVES CLASSIFIED INFORMATION. NRC FORM 187 IS ATTACHED. <input type="checkbox"/> WORK ON THIS ORDER INVOLVES SENSITIVE UNCLASSIFIED, UNCLASSIFIED SAFEGUARDS INFORMATION, OR UNESCORTED ACCESS TO PROTECTED AND VITAL AREAS OF NUCLEAR POWER PLANTS. NRC FORM 187 IS ATTACHED. <input type="checkbox"/> WORK ON THIS ORDER IS UNCLASSIFIED AND NOT SENSITIVE.		
FEE BILLABLE UNDER 10 CFR PART 170		<input type="checkbox"/> YES <input type="checkbox"/> NO <input type="checkbox"/> PARTIAL		
REMARKS: (At a minimum, reference the approved proposal (NRC Form 189) by number and date. See further instructions on the reverse side.)				
CERTIFICATION OF FUNDS				
This certifies that funds in the amount cited in Block A are available in the current Fiscal Year allotment for work authorized by this SOEW.				
FUNDS CERTIFICATION OFFICIAL (Typed Name)		SIGNATURE	DATE	
SIGNATURES				
NRC ISSUING AUTHORITY (Typed Name and Title)		SIGNATURE	DATE	
DOE ACCEPTING ORGANIZATION (Typed Name and Title)		SIGNATURE	DATE	

Exhibit 17 (continued)

INSTRUCTIONS FOR PREPARATION OF NRC FORM 173	
The following items shall be completed by the NRC issuing office:	
<p><u>ORDER NUMBER</u> The order number identifies the issuing office, the fiscal year the order is issued and the sequential number of the order. The number is XX-XX-XXX. The first two digits represent the office code (i.e., 20 for Nuclear Reactor Regulation, etc.). The third and fourth digits identify the fiscal year in which the order is issued. The last three digits are sequential numbers of the order assigned by the issuing office starting with 001 for the first order placed with DOE for that fiscal year.</p>	<p><u>OBLIGATION AVAILABILITY PROVIDED BY:</u></p> <p>A. <u>THIS ORDER</u> Include the total amount of the order.</p> <p>B. <u>TOTAL OF ORDERS PLACED PRIOR TO THIS ORDER WITH THE PERFORMING ORGANIZATION UNDER THIS JOB CODE FOR THIS FISCAL YEAR</u> State the total amount of all prior orders this fiscal year placed by the issuing office to the Performing Organization. State zero for the first order in any fiscal year.</p> <p>C. <u>TOTAL ORDERS TO DATE FOR THIS JOB CODE FOR THIS FISCAL YEAR</u> State the total amount of all prior orders for this JOB CODE for this fiscal year.</p>
<p><u>ISSUANCE DATE</u> The date NRC Form 173 was transmitted to the DOE Operations Office.</p>	<p><u>ATTACHMENTS</u> Check the appropriate box identifying the attachment(s) to the order.</p>
<p><u>ISSUED TO</u> The title of the DOE Operations Office receiving the order.</p>	<p><u>SECURITY</u> Check the appropriate box. If required, complete NRC Form 187 and forward it to the Division of Facilities and Security for appropriate concurrence, along with a copy of the statement of work. If sensitive unclassified information is involved, provide appropriate instruction for protection.</p>
<p><u>ISSUED BY</u> The title of the NRC office issuing the order.</p>	<p><u>LICENSE FEE RECOVERY</u> Check the appropriate box.</p>
<p><u>PERFORMING ORGANIZATION</u> The name of the DOE laboratory or prime contractor which will perform the work. Provide further identification of laboratory complex, site, etc., if possible.</p>	<p><u>REMARKS</u> Use this space for information considered pertinent. If the order is for more than one JOB CODE, include the following listing:</p> <ol style="list-style-type: none">(1) JOB CODE(S).(2) JOB CODE title(s).(3) NRC B&R number(s).(4) Amount(s) of this order by JOB CODE.(5) Cumulative amount(s) by JOB CODE.(6) Work period(s).
<p><u>JOB CODE TITLE</u> The title of the project as shown in the Financial Plan Listing and the Statement of Work.</p>	<p><u>CERTIFICATION OF FUNDS</u> Identify the applicable allotment. The name and title typed, and the signature of the certifying official and the date certified.</p>
<p><u>ACCOUNTING CITATION - APPROPRIATION</u> Use the same appropriation number as that identified on the allotment for current fiscal year funds. For adjustments to prior year JOB CODES, use appropriate allotment citation.</p>	<p><u>SIGNATURES</u></p> <p><u>NRC ISSUING AUTHORITY</u> The name and title typed, and the signature of the issuing office division director and the date signed.</p> <p><u>DOE ACCEPTING ORGANIZATION</u> The name and title typed, and the signature of the DOE Operations Office representative authorized to accept the order and the date signed.</p>
<p><u>B&R NUMBER</u> State the NRC Budget and Reporting classification (B&R) number under which the order is placed. This should be the same B&R as that identified in the financial plan. When an order covers a number of tasks, insert the statement, "see remarks," and add as appropriate.</p>	
<p><u>JOB CODE</u> State the JOB CODE which identifies the task and fiscal year of the funds. The basic number (five positions) will not change for continuing efforts. In the case of an order covering a number of tasks, insert the statement, "see remarks," and add as appropriate.</p>	
<p><u>PROJECT PERFORMANCE PERIOD</u> State the performance period for the entire project.</p>	
<p><u>THIS FY FUNDING PERIOD</u> State the period that is expected to be covered by funds provided in C. below.</p>	